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BELGIUM

Martens on Problems Facing New Government *36190008 Brussels LE SOIR in French 24 May 88 p 3*

[Interview with Prime Minister Wilfried Martens on 20 May 1988 by Janine Claeys, Guy Depas, Guy Duplat, and Benedicte Vaes]

[Text] Prime Minister Wilfried Martens is playing a very difficult personal card. His change of alliance has been badly received by part of public opinion. The program of the coalition he presides over is so ambitious it is without precedent. "I would have preferred a year of sabbatical in the United States before becoming Minister of Foreign Affairs," he confessed. But the man intends to take on his role fully. As the driving force behind the team, but also as the "guarantor of its stability and of the continuation of the recovery effort." We met with him on Friday, the day after he won a vote of confidence both in the House and in the Senate, and on the heels of the first Council of Ministers meeting. A relaxed, smiling prime minister.

[Question] You have just won the confidence of Parliament and held your first Council of Ministers. Your majority is very large on paper, but it seems sceptical, without enthusiasm, more in a state of shock than a state of grace.

[Answer] All politicians, even those in the opposition, have had to deal with the shock of the elections. The results were surprising. I have never known anything like it. There had always been similar results in the northern and the southern parts of the country. In victory as well as defeat. The two-speed community vote was exceptional and forced us to review our plans. Taking the results of the ballot into account, we had to put together a two-thirds majority in order to be able to pursue state reform.

[Question] But the public at large remains sceptical. Your program does not fascinate it, does it?

[Answer] Because, contrary to what is thought, as soon as one departs from the world of politics and journalism, institutional problems do not interest people. I have experienced this for 20 years while crisscrossing my region by bus, on a bike, or by car to explain the need for real federalism. But people listened to me without enthusiasm. Let us be realistic: a ticket office in Schaerbeek, a mayor in Fourons fascinate the masses, but not state reform. It will take time for us to explain the full significance of our reforms to public opinion.

[Question] But for 6 years this objective was pushed to second place in favor of the economic recovery of the country, was it not?

[Answer] I have been fighting for 20 years for that state reform. And if there has been a period of rest and reflection since 1980, it cannot be said that my motivation had disappeared. As a matter of fact, that is why I have accepted the position of prime minister.

[Question] Will you have to move very fast?

[Answer] Yes, we will have to prove very quickly that we are capable of being the architects of this state reform and of this community peace desired by all. And it has to be done prior to the municipal elections.

[Question] Are you afraid of their results?

[Answer] No. Even though common sense indicates that it is never a good idea to provoke a crisis, elections, and the formation of a new government just prior to municipal and European elections. The majority parties will have to have the courage to accept some negative signs which might come out of those ballots. If we do not have the courage to contemplate the hypothesis of short term electoral defeat, then we should not have started a government, because it will need to last. A government must hold during a full legislative session in order to bear its fruit.

[Question] The public has a hard time understanding the game of musical chairs among ministers.

[Answer] That scaffolding—is that the way to refer to it?—can be explained very simply. As soon as the transfer of responsibilities has been achieved, there will no longer be any need for national ministers of either education or public works. And we will have to take the agreement with the Flemish Executive into account.

[Question] But there is also Mr Tindemans, who will be replaced by Mr Eyskens, to the great frustration of the latter.

[Answer] Why? It is normal for some ministers, who have had heavy responsibilities, to enjoy the benefit of a sabbatical year before fulfilling a new task they love.

[Question] Enjoy?

[Answer] Yes. Oh, if I could take advantage of a sabbatical year in the United States before becoming minister of foreign affairs, that would be a dream come true! I would have liked to become president of the House, or minister of justice, but I have never been able to do what I wanted to do. My personal wishes did not lie in returning to 16 rue de la loi [prime minister's residence].

[Question] It was not psychologically very astute to put an increase of 361 million Belgian francs for ministerial staff expenses on the agenda of the first Council of Ministers, was it?

[Answer] Mr Schiltz was asked to recalculate all of that. And you do not mention the second point on the agenda, the continuation of the 10 percent reduction imposed on ministerial salaries!

[Question] We have seen you sitting for hours on the benches of Parliament, listening to the procession of comments. Is that not tiring?

[Answer] You are probably wondering what I do during those hours in Parliament, sitting on my bench with my earphones on, are you not? I listen. It is very important to listen to all the comments, patiently. But it is obvious that it will not be possible to continue this way if we want to pass all our projects according to the calendar we have set.

[Question] Do you want to lock up the majority, for example by rejecting the amendments?

[Answer] We will reject them if they alter the content of our projects, but we will accept them if they improve their drafting. In 1980, at the time of the state reform vote, Senator Jan De Meyer, a constitutional law professor, opposed my draft legislation, but at the same time he was handing me a better version of my own texts!

[Question] A demonstration by long-term unemployed, grumbling at the CSC [Confederation of Christian Trade Unions]. It is the return of social demands. They first object to the draft legislation on economic competitiveness.

[Answer] That legislation is essential. But it does not involve special powers.

[Question] Do you miss those?

[Answer] (Hesitating for a moment.) No, the level of economic recovery we have achieved makes it possible for us to continue the effort after broad discussions. But let us return to the enabling law: competitiveness is essential. We must preserve economic continuity. The Belgians are sceptical, but when I read the international press,—FINANCIAL TIMES, LE MONDE—,when I meet with Dutch union leaders, all of them interpret my presence at the head of the government as the best guarantee for economic stability. I am the guarantee of continuity in the recovery.

[Question] The government agreement mentioned 80 billion Belgian francs in savings, 45 to 50 billion of which are "pure" savings. Will the latter not be achieved at the expense of the regions and the communities?

[Answer] No. If I have understood anything of the government agreement, then it is that. We must achieve 45 to 50 billion in savings on the net consolidated balance of the state.

[Question] What measures are you considering implementing?

[Answer] That is what the government still needs to discuss.

[Question] You could not specify that?

[Answer] ...

[Question] There is also the question of recuperating 10 billion Belgian francs through an increase in non-fiscal revenues. Are we going to start selling gold coins again or increasing the rate of certain public services?

[Answer] Both of those instruments will be used.

[Question] You intend to reduce the interest burden by 25 billion Belgian francs. A repetition of the restagging of the debt is foreseen. As in 1986. But the interest rates are going up again and the solvency of the banks leaves something to be desired. Besides, that is primarily the same as transferring the bill to future fiscal years.

[Answer] That is a government concern.

[Question] What essential difference do you see between your program and the liberal options?

[Answer] The Liberals are figure fetishists. Verhofstadt would have demanded that the objective for reduction of the net balance to be financed beyond 1989 be set at 4 percent of the gross national product. This time, we made do with two norms which should prevent skidding and enable the restoration of the broad equilibriums. In short, that seems more reasonable to me than to lock oneself in figures.

[Question] A return of the heart?

[Answer] There are new emphases on employment, scientific research, public investments. There are measures to fight the "dual society," a concept which I was the first one to use in an interview in August 1987.

[Question] And yet, the CSC and others have talked about it for years, have they not?

[Answer] No, no, I found that expression in a very serious OECD report, and I was the first one to introduce it in Belgian political discourse. One must avoid the creation of a gap between entrepreneurial youth who succeed, and other youth, less well armed and doomed to unemployment. Everyone must have a second chance.

[Question] People already have a hard time understanding how you will achieve the proposed savings while you are adding other contradictory priorities. But, in addition, there is the greater than projected deficit in social security: 25 billion this year?

[Answer] Should family allowances be reduced? I do not think so. Other savings can be made. Let me take just one example: for the last 3 years, I have been undergoing a clinical biology test every 2 weeks because I have a metal heart valve. And for 3 years I have not had to pay a single franc. Yet, I could have paid a moderate amount, that is not normal.

[Question] You have found the Socialists again 6 years after you left them. Have they changed?

[Answer] I am not probing very deeply. We (they and I) are happy to be together again in a much better atmosphere than the one we were in in 1980. I have been struck by the atmosphere of cooperation, of consensus which reigns among us.

[Question] Did they accept the austerity and the rigor?

[Answer] I would not use those terms. But there is a desire to cooperate.

[Question] Abortion remains a significant danger. What does the sentence in the government agreement mean which explains that the minister of justice will take initiatives so that the debate can take place in a calm climate?

[Answer] Ten years ago, a similar debate took place and the minister of justice, Mr Van Elst, managed to achieve that calm climate. I do not know how he did it. Because it is obvious that the separation of power between the Executive and the judiciary must be respected.

[Question] But if the prosecution of abortion continues, would it be possible for the minister of justice to propose a law temporarily suspending those prosecutions?

[Answer] Let us wait and see what the minister of justice does.

[Question] Such a bill is not excluded then?

[Answer] I did not say that.

[Question] What are your fears for the future of the government?

[Answer] When there is a large majority there are dangers of dissent, but the government, and its leaders, has a composition which could be the guarantee of a broad coherence. I myself would be the guarantee of government stability for 4 years.

Socialists Moureaux, Busquin on New Government

Moureaux on Government Agreement

36190010 Brussels LE SOIR in French 25 May 88 p 3

[Interview with Philippe Moureaux, vice prime minister and minister of Brussels affairs and of institutional reforms, by Charles Bricman, Guy Depas, and Guy Duplat]

[Text] Following the wave of liberal governments, now we have the quiet revolution of the Socialists. Philippe Moureaux, vice prime minister and minister of Brussels affairs and of institutional reforms, emphasizes his priorities with calm and persistence. The "new Socialists," those of 1988, those with the "pink belt," want to combine budgetary rigor, economic seriousness and the rejection of all softness with active concern for the most disadvantaged. "The political difference may involve only a few percentage points of the budget and OECD officials will undoubtedly decide that there is continuity, but for those who were no longer being looked after and who henceforth will be looked after, the difference will be fundamental."

Philippe Moureaux's other concern is to bring to a satisfactory conclusion the ambitious and "balanced," he says, state reform project which should redraw Belgium. This double priority should be disturbed neither by the Fourons porcupine [thorny issue] nor by the abortion problems ("If the prosecution cannot take place in a calm climate and if the discussions continue, then the parliamentary groups will be free again, even before the end of the year").

[Question] Do you want to proceed very quickly in institutional matters?

[Answer] We must settle several points in the agreement before the municipal elections. With an agreement in which everything fits together like a set of Russian dolls, everything else fits together also. At the same time, we must constitute the wagons of the "quiet revolution" which will remodel Belgium: transfer of responsibilities for education and public works, the status of Brussels. And to free those wagons we have to vote for the financing bill. Thus there are sets of couplings: for example, we wanted above everything else to settle concrete the facilities for French speakers.

[Question] Everything is not settled; are there soft areas which could lead one to fear a renegotiation of the agreement?

[Answer] No. The unsettled issues will be settled within the government, such as the definition of scientific policy responsibilities to be transferred to the regions

and the communities. We are working within the framework of the laws of 1980 which we are completing to a considerable extent. Next, we will have to go further with, among other things, the revision of the assembly systems.

[Question] Are there not risks in conducting a budgetary, fiscal, and institutional action at the same time?

[Answer] It has been claimed that in the early eighties we were wrong in wanting to tackle both institutional and economic issues. I would say that this may be true. But you have to respect the rules of the game and let every minister prepare his dossiers without everyone getting mixed up into everything. Our task will be difficult enough as it is. As socialist vice prime minister I will have the very unpleasant task of having to remind my colleagues of the priorities of the socialist arguments and then explain to my party the concessions we had to make within the majority.

[Question] Let us be concrete. What is going to happen with the municipality of Fourons until the end of the year? If all Jose Happart's actions are nullified by the trusteeship, then the municipality will become ungovernable. All the more so as the decisions made by the municipal council of Fourons on 20 May have just been annulled by the governor.

[Answer] You can no longer impose sanctions against Happart, you can no longer send a superintendent. That is progress.

[Question] But what if all the actions are annulled by the governor of the province?

[Answer] What makes you think that all management actions will be annulled?

[Question] In order for them not to be it would be necessary for Jose Happart to give up presiding over the municipal council, as he has done in the past. But will he be your objective accomplice today?

[Answer] Are you implying that he would be less of an "accomplice" because the socialists are in power?

[Question] And what happens after the municipal elections if the council of Fourons nominates Jose Happart to be mayor?

[Answer] If the new law is enacted, then the mayor will have to know the language of the region. If Happart says that he knows Dutch, then I do not see why they would refuse to nominate him.

[Question] Do you believe that Louis Tobback, the minister of the interior, will propose that nomination?

[Answer] I do not indulge in political fiction. If the government survives the first 3 months without incidents and demonstrates that it can effect the state reform, then it will be ripe to stand up to the occasional waves related to the municipal elections. The government challenges will surface very quickly: does it have a firm parliamentary majority to achieve the state reform and does it have the political strength within itself to achieve the budgetary objectives?

[Question] What has been noted particularly is the hesitations of the French speakers toward the institutional agreement. Does that not mean that it is unbalanced?

[Answer] I would recommend that you read the statements made by PVV representatives Vermeiren and Cortois or the statement made by Mrs Neyts who felt that the agreement meant the definitive Frenchification of the outskirts of Brussels. True, she pushes the cork a bit far, but it is a fact that the agreement provides that the French speakers in the Brussels outskirts will live in peace for ever and ever.

[Question] Does not the fact that Comines was tied to all of this seem incomprehensible?

[Answer] It is true that that coupling, desired by the Flemish, is probably the least intellectually satisfying element in the agreement.

[Question] The PS made a lot of promises about a return to the heart, but so far all we hear talk about is austerity...

[Answer] Public opinion today is very well aware of the international constraints and of the changes in society, but it also knows that austerity does not always mean the same thing. Policies of austerity can be pursued with different emphases. One could not abandon the weakest to fate as the liberals had a tendency to do. And the people who were not taken care of or are no longer taken care of will soon see the difference between a left-of-center government and a right-of-center government. Even if for the OECD officials, the Martens VIII administration will not be fundamentally different from its predecessors.

[Question] Given the weakness of the margin for maneuvering, is this not contradictory?

[Answer] During the parliamentary debates, someone rebuked us saying that all of the measures provided for the benefit of the most disadvantaged represent scarcely 1 percent of the budget. I have not checked this out. But I dare say that a great deal can be done by spending 0.5 percent of the budget in socially vital areas. That is what the return to the heart is about: to relieve the poorest in spite of the weakness of our resources.

[Question] Would the left by any chance be experiencing a shift toward the center?

[Answer] Not really. But the left is adapting itself to a situation which momentarily took it by surprise: the worldwide reorientation of society. If that is what you call relocating in the center, then I agree. It is said in Belgium that Martens had to force himself to accept a government with the Socialists. Is it not curious then that at the same time, in France, Mitterrand's efforts are directed toward a government which would include both the Socialists and Giscard d'Estaing?

[Question] Let us talk about this Martens return: is he the one who found you or the opposite?

[Answer] It is the voters who created the current coalition and a government is not a club of friends. They are men who get together to try to solve the country's problems.

[Question] You have locked yourselves in the commitment to reduce next year's budgetary deficit to 7 percent of the gross national product and to economize at least 80 billion Belgian francs...

[Answer] If I read what the prime minister told you yesterday right, he himself no longer has a fetish for figures. But it is true, we will reduce the net balance to be financed in 1989 to the equivalent of 7 percent of the gross national product. By September, we will have to have proven our credibility in terms of rigor and heart.

[Question] Is your austerity an anti-Mathot policy?

[Answer] No. People have been deeply unfair to Guy Mathot. The 1981 budget, which definitely was not the most brilliant we have ever known, was approved by the government as a whole. It is a scandal to ascribe this collective mistake—if there was a mistake—to a single man.

[Question] We have already noted a first confrontation within the government. Guy Coeme speaking of 70 billion Belgian francs in national defense investments in 2 years, and Louis Tobback stating the opposite.

[Answer] There is no contradiction given that no figure was written into the government declaration on the matter.

[Question] On the other hand, the government declaration mentions initiatives by the minister of justice so that the abortion debate can take place in a calm climate?

[Answer] I agree with the prime minister when he says that under the former minister, Mr Van Elsandé, that a calm climate was possible.

[Question] And if this were not the case and prosecutions were to continue?

[Answer] If, during the coming months, this calm climate does not become a reality, then the Parliament will regain its freedom of action and its right of initiative.

[Question] Even before the end of the parliamentary truce in matters of abortion announced for 31 December?

[Answer] Of course.

Busquin on Social Security

36190010 Brussels LE SOIR in French 25 May 88 p 3

[Interview with Minister of Social Affairs Philippe Busquin]

[Text] Happy... Having the responsibility for the Ministry of Social Affairs makes Philippe Busquin a happy minister: "Social affairs are the roots of socialism." Noting "that there is often a gap between the concerns of social workers and those of politicians," Philippe Busquin stressed that he is not "green" in this area. It was under his impetus that the Walloon Region adopted a law preventing gas and electricity cut-offs for the most disadvantaged. Solidarity: that is, according to Philippe Busquin, the key theme reintroduced by this new government. "Following liberal individualism, the time has come for the understanding of sharing."

[Question] Insurance or solidarity, what is the basic principle of social security?

[Answer] Contrary to the philosophy of the Liberals, I see no opposition between the two at all. Let us stop seeing social security as a financial burden when it is an investment in the future: no economic development policy can be developed in a socially degraded environment.

[Question] That does not prevent us from considering the budgetary problem. Under the previous coalition, state participation in the financing of the social security system dropped from 35 to 21 percent.

[Answer] What the state did not pay directly, the workers had to bear. There is no miracle: the contributions were raised and tell me, what difference do you see between those jumps in the index and an income tax?

[Question] Additional contributions? The technique could hang on...

[Answer] Reassure your readers: I have not found any trace of it in the government declaration.

[Question] But yet, the government has committed itself to reducing its deficit. What then, a reduction in services?

[Answer] Stop! Here the government declaration is explicit: the level of social services will not be touched. On the contrary, it provides for a raise in minimum wages and modest pensions.

[Question] That is the knot of the debate: reduce the deficit and protect the social benefits without raising contributions...

[Answer] The challenge is substantial. All the more so as in matters of health insurance, an audit produced a very unpleasant surprise: a 25 billion Belgian franc deficit when we expected only 13 billion. The liberals provided many figures but did not respect them. We can improve receipts without increasing contributions and put pressure on expenditures without affecting the quality of care.

[Question] The squaring of the circle?

[Answer] Everything depends on the nature of the measures and on their recurrent effects. Thus, social justice demands a balance between the active and the non-active population. Beneficiaries of high group insurance benefits and pensions are exempt from social contributions even though sometimes their income is higher than that of active workers who pay their own share. Is that normal? It is a means among others to produce additional receipts.

[Question] It would be surprising if that would provide you with enough to fill the difference.

[Answer] Of course. Thus, the socialist influence has caused the government to consider a somewhat more Keynesian policy. As a matter of fact, by putting an absolute priority on employment we are hoping to create contribution payers.

[Question] In the very short term you will have to make a decision on the agreement between dentists and the health insurance funds, will you not?

[Answer] I am already considering the very excellent idea of reimbursing an annual preventive visit. It would make it possible to reconcile social justice and budgetary rigor.

[Question] What are you going to say to the doctors and the health insurance funds who need to reach an agreement before the 31st on medical rates and on those of general practitioners?

[Answer] I am not going to interfere in their discussions. Increase the rate for general practitioners? Agreed, but within the 1.5 percent index package. I do not want to commit the future lightly. No abrupt course changes: the ship must be brought under control; for 1988-89, economic growth measures must be taken while awaiting a basic reform of the social security system.

[Question] A new social security system?

[Answer] It is a question of bringing all the actors together and of respecting three principles: provide quality medicine, reject the American model of providing "two speed medicine" depending on the means of the patients, and bring expenses under control.

[Question] In the meantime, how do you demonstrate a "return of the heart" without budgetary margin?

[Answer] A true case: that of an unemployed couple who cannot find 3,000 Belgian francs to buy their son a pair of glasses. That is a scandal. Following expanded security, sustained by years of growth, the previous administrations have implemented linear restrictions which did not respect the social priorities. The erosion of income of the workers makes it imperative to get closer to real needs.

[Question] The explosive issue of the health insurance funds is another priority.

[Answer] I analysed the Andersen audit on management costs without a priori espousing its objections. Justice will follow its course and parliament will decide on the strengthening of controls. Reforms must be implemented without dislocating the system.

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Ecology Party Spokesman on Role in Opposition
36190009 Brussels LA LIBRE BELGIQUE in French
14/15 May 88 p 4

[Interview with Jose Daras, head of the ECOLO-AGALEV group in the House, by Andre Mean]

[Text] The head of the ECOLO-AGALEV group in the House announced that the Greens would not contribute to the two-thirds.

[Question] What is your overall impression of the government agreement and of the new ministerial team?

[Answer] It is the government of weariness, of resignation, a government "because you have to have one." Never before have we seen a government out of breath, not at the finish but at the start.

The community agreement does not give it much hope for survival because that agreement really does not satisfy anybody. What is striking is that that agreement consists of reciprocal accommodations, in which it would be vain to look for the shadow of coherence. Thus, there is talk here there and everywhere of federalism, but are they not in fact institutionalizing the confrontation between the two nationalisms?

I have noted, among other things, that the rules of the democratic game are being changed in a number of municipalities. I am waiting with interest to see what the Council of State will say about all that.

As for Fourons, I think that it was necessary to find a local solution. In fact, the ten governors are being involved in the matter. This kind of set-up, which will primarily help the Flemish minority cause, is not such as to settle the problems, but rather to extend them. It is very obvious that the government's sole concern was to transfer the problem to another authority. We are in the presence of a "Pontius Pilate" policy.

[Question] What do you think about Martens' return?

[Answer] I do not feel like making personal comments. As a matter of fact, that is not very important in the face of all our problems. In any case, we are stick to our habits.

[Question] Do you not think that there are too many ministers in our small country?

[Answer] I do not want to fall into an easy Poujadism. The real problem is not the number of ministers. We feel that there should be fewer, not for the sake of having fewer, but out of concern for management coherence. There should be, at most, about 15 ministers, possibly assisted by state secretaries. The real problem is a problem of structures. It is not a good thing that the distribution of responsibilities is not stable from one administration to another. This greatly inconveniences the work of a department which, one time, will be the responsibility of a single minister, another time that of two, a third time that of three. Those structural comments also apply to [each linguistic] community and to each region.

[Question] Does this government have a chance, you think?

[Answer] That depends on the cohesion of the majority. The French speaking parties in the majority will undoubtedly not be too keen on seeing the voters again too soon.

[Question] What is your opinion of the fiscal reform?

[Answer] I have noted that at no point is there any mention of its impact on employment. As for us, we want to use taxation to encourage work distribution. As a matter of fact, all serious economists will tell you that you cannot count solely on the restoration of economic growth to create employment.

We have noted that the reduction in direct taxes will have to be financed by the tax sector itself, through indirect taxation or a reduction in fiscal spending. As for us, we would prefer to use indirect taxation as a tool to reorient the employment policy or consumption (favor lead-free gasoline, for example).

What will the effect of the fiscal reform be on income distribution, on consumption and, finally, on our country's trade balance? Have they even thought about it? The government agreement is made up of separate chapters and the concern for cohesion is primarily of an incantatory nature.

[Question] And what about employment?

[Answer] Here again, we are bound to note the lack of daring and of imagination of the agreement. There is no trace to be found of a new policy; it is simply the continuation of the old one.

[Question] You seem to fear a real "dualization" of society.

[Answer] One should not forget that there are approximately 900,000 citizens who live, in one form or another, on public assistance. There are provisions to lift the most disadvantaged up somewhat and to open the regional employment agencies to the most disadvantaged. It is a little more heart, but it must be recognized that it is politically mediocre. There is nothing in the agreement to indicate a policy aimed at putting an end to the dual society. And yet, it is one of the major stakes of the end of this century.

One more word: you create a social snowball effect because the snowball effect of the debt cannot be stopped. If nothing really basic is done in this area, where are they going to get the billions needed to develop a second Val Duchesse?

[Question] What is your opinion of the community agreement?

[Answer] On the positive side, there is greater coherence in the distribution of responsibilities among the various authorities. There are also positive things for Brussels.

On the other hand, the agreement concerning the French speakers in the Brussels suburbs is really catastrophic. The strengthening of the borders also make them less open. It is an aberration to limit a community's field of action to set borders, and yet that is what the agreement stipulates. Given that in Flanders the Community and the Region have been merged, it is structurally very unlikely that the French speakers in the Brussels outskirts will still be able to be connected to the Council of the French Community.

[Question] And what about Fourons, and Comines?

[Answer] We cannot accept for a problem to be created elsewhere in order to settle the Fourons issue and especially not for the normal exercise of municipal democracy to be prevented in Comines. Fourons and Comines

could have been tied together, but only if this had meant a "plus" to the citizens of both municipalities. We are not against twinning, but the kind of twinning that was concocted is unacceptable.

As for Fourons itself, I would only say that the increase in the rights of the French speakers is not significant enough compared to what they are losing.

[Question] Could you, in case of defections within the majority, help the Martens VIII administration achieve the famous two-thirds majority?

[Answer] We will react in a coherent manner and not by dispersion. Novote in our group will get lost by supporting the majority. Neither globally, nor case by case. There is no question of providing votes, which would be injection votes, at a given moment to save the government and allow it to stay alive.

[Question] And yet, after the elections you stated that if you were associated in the negotiations, you could possibly serve as a back-up force to enact the state reform, did you not?

[Answer] If we had been associated with the discussions and if we had reached a community agreement, then that would indeed have been our intention. Now, that would seem totally excluded, because the five party government—let us not forget that it includes the People's Union—would not survive a policy of amendments.

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DENMARK

Progress Party Seeks More Acceptable Image

Lesser Role for Glistrup

36130077 Copenhagen BERLINGSKE TIDENDE
in Danish 3 Jul 88 Sec II pp 1-2

[Article by Annelise Bistrup: "Progress Party Seeking To Escape Shadows of the Past"]

[Text] "The playground of the dinosaurs has changed into a peaceful duck-yard," says Knud Lind.

"Today we are all somewhat more relaxed," says Kristen Poulsgaard.

"We can do without the village fools," says Pia Kjarsgaard.

"The group meetings have become so nice that one sometimes feels like bursting a balloon," says Kirsten Jacobsen.

"Pia should read a bit more of Milton Friedman and Adam Smith," says Kim Behnke.

They join in exclaiming: "We are, indeed, a united, homogenous group."

And, then, there is Glistrup! But let me come back to him later, for right now this article is concerned with a party that is trying, with all its might, to escape the shadows of the past and which may end up resembling the parties that the party was created to fight 15 years ago. For the transformation from a party of mutineers into a conciliatory party appears to succeed. There was genuine happiness last Thursday afternoon in the Middle Hallway at Christiansborg, where the 16 parliamentary members of the Progress Party have their offices. The members were "jubilant, overjoyed, enormously relieved," and quite obviously sensing the touch of history when, on Thursday, just after 9 a.m., the majority of the group confirmed that the Progress Party had entered into its first agreement with a government since the Rio Bravo agreement in 1983.

Kisten Jacobsen, newly reelected, noted that it was, indeed, the first time in her experience that the participants in a group meeting thanked their negotiators for the result. "We used to scold them for all the things they did not achieve," she said.

Asked about their views on Glistrup, they all shook their heads, saying: "You will not be able to elicit any comments from us. We are a united, homogenous group, and we are unanimous on this question."

The founder of the party had, indeed, voted against the agriculture agreement. In his wordy draft report 3 days earlier, he had written: "The sole reward for the farmer who is willing to participate in the government's project will therefore be that he may struggle on for a few more years and become even more worn out by the time when, after a brief respite, he will, under any circumstances, have to give up."

And he adhered to that position last Thursday morning in Room 320 of the Folketing group. One of the newly elected members of the group, Mogens Elvensoe, 65, civil engineer, supported him. However, when the campaign manager, stooping with fatigue, met with the political journalists in the walkway of the Folketing, his only comment was that he intended to join the group in voting in favor of the agreement.

"It should be kept in mind that Glistrup is a super democrat," says Kirsten Jacobsen, one of the few members of the group who is in close contact and communication with him. She adds: "Glistrup remains erect until he is put down, but after a vote he invariably rises anew."

Other members of the Folketing group were not quite comfortable about the situation. "He is capricious as well," said a member in the walkway, casting a sidelong glance at the office where Glistrup had barricaded himself behind his fortification of paperwork. He did not

intend to join the group in the festivities in the bar of the Folketing, where the group had gathered to wish one another and the girls of the secretariat pleasant holidays.

"Glistrup never participates in such gatherings. He finds them a waste of time and prefers to work," says Poulsgaard.

Indeed, the Folketing group of 10 May 1988 deserves pleasant holidays. Its political self-confidence has been boosted by the polls, which predict that the party will become larger, much larger. Today's poll predicts a gain of 2.4 percent over the glorious election result on 10 May, and the feeling of victory among the members of the group is almost tangible. New local branches are formed. Every month sees several hundred new members join the party. Its membership is now 5,000. In the bad years, in the early eighties, when the party hovered close to the limit for access to the Folketing, its membership was below 1,000. At the time, on receiving mail from the Progress Party, people would request that their mail be forwarded, and at the time, people might lose their jobs if it became known that they were Glistrup supporters. At any rate, this is what Annette Just, member of the executive committee, claims. "However, I do not wish to give any names," she adds.

Pia Dahl, elected in 1987 in the Hillerød district, says: "I have a 'Z' sticker on my car, and other drivers have now started putting their arms out of the windows, making V-signs. It has become quite a movement."

Discipline and Order

The days of humiliation are over. Nobody at Christiansborg will hold his nose any longer and say: "Ugh! There is a smell of the Progress Party here," as members of the Folketing used to do when passing the four offices in which the steadily decreasing Folketing group fought for its survival during the years 1984-87. That struggle is over. They now expect to become a large party. The largest one? Well, not until after the turn of the century, as Glistrup has put it!

The seven new members of the Folketing group are still rather flustered. They only got their offices this week. "Beforehand, our offices were plastic bags," and "It is, of course, a frustrating and confusing experience becoming involved in such dramatic political negotiations without any previous experience," the new members comment. They have listened and voted as they were told to do.

That is not the way it used to be during the turbulent years. During the days of Glensgaard, Voigt and Junior. At the time when one might be forced to vote on whether two and two make four—and have the outcome of the vote rejected. Those were the days of the utopians, the mutineers, the enthusiasts, and the dreamers. Those were the days of zero bureaucracy, zero paperwork, zero traveling, and zero taxation. It was at the time when the entire political life of Glensgaard ended in Glistrup's

pocket, but it was also the time of the independents. A party that was adrift and in complete dissolution. This is the ghost that is seated next to the members of the Folketing group at their meeting today.

Discipline, loyalty, order, and good form are words that keep being repeated. The group meetings take place behind closed doors. The members stand up when given the floor. The party is becoming more and more like the old parties, with their highly developed organization, educational offers to candidates for the Folketing, etc.

Kristen Poulsgaard: "Paper shuffling! As secretary of the group, I am aware of the amount of paperwork that we ourselves produce for internal use. Today, the Folketing members of the Progress Party are lining up for participation in trips and ministerial dinners. It takes a very high ethical standard to decline an offer of a free trip to China. And it may not even be right to do so. It is, thus, here that one gets into contact with the system, and we are all becoming hostages of that system."

There are others who find that one should not merely reject the past but that one should learn from it. For example, Knud Lind, who was a member of the group from 1978, now newly elected in the Storstrøm County. "The first pioneers, with their enthusiasm, though with no parliamentary experience, are to be thanked for the fact that today our parliamentary group is comprised of 16 members. At that time, one might, of course, risk dying from a drawn knife. Today, one may be eliminated in a silent assassination. At that time, one at least had the possibility of ducking," he said.

The Classless

The Progress Party has called itself a classless party. It still does. However, it is characteristic of the group that more than half of its members are, or have been, independent business people, and that nine of them were elected in counties in Jutland. Only one metropolitan district voted for the party.

Within the group, it is not just Poulsgaard who talks like Poulsgaard. When the group chairman, Helge Dohrmann, rings the bell in the old ecclesiastical affairs committee's chamber on the second floor, a room that has already become too small for the group, the voices emanating from the room have a drawling Jutlandish accent. A sound picture of a party that has rediscovered its roots.

Nobody is, of course, yet aware of the resources existing within the new Folketing group. However, the political journalists at Christiansborg have never given top marks to the representatives of the party elected by the people. Uffe Thorndahl, who was chairman of the Folketing group 1981-83, was respected. So was the party's financial policy spokesman, Svend Andersen, who left Danish politics in 1979, and it probably also was true of the energetic housing policy spokesman, Kirsten Jacobsen,

who worked like a horse and had to leave the political arena with a blood pressure reading of 220. She is now back in the group, has kept a low profile during the first couple of weeks but has at least had a certain amount of influence on Pia Kjarsgaard, who, during her initial time in the group, was able to learn from Kirsten Jacobsen's expertise. Today, Kirsten Jacobsen, who once was a candidate for the party's leadership post, says that she is content with her role as "the queen's mother."

Among the new members, only 27-year-old Kim Behnke is a rapidly rising star. The party has placed him in the Finance Committee, and he is one of the party's few "ideologists." He was raised in the Youth League of the Progress Party, which he chaired, and he reads the ultra-liberal American economist Milton Friedman and will discuss the "privatization of the oceans."

Pia Kjarsgaard

Pia Kjarsgaard, the political spokesman, is not able to do that, if one is to believe the internal as well as the external evaluations of the political spokesman. Her leadership role is unaffected by this circumstance. She is known to "sell the ticket," but as far as political theory is concerned, she is still a lightweight, who is superbly capable of marketing simple and primitive messages, but who, i.e., in the negotiations with the government during the last few days, revealed major gaps in her knowledge of the political apparatus. In that area, she cuts corners.

It was the veteran politician Helge Dohrmann, who had to carry the heavy load during the negotiations, which, incidentally, revealed that the party has not yet reached the level of a serious partner in negotiations. Negotiating techniques have to be learned, for there is a difference between speaking in an rural assembly hall and drinking tea with the Prime Minister while negotiating an agriculture agreement.

Pia Kjarsgaard herself says that she had a bad time during the initial negotiations under the leadership of Finance Minister Palle Simonsen. She felt that she was being lectured by a schoolmaster. Things improved when Prime Minister Poul Schluter took the lead at the table. As Dohrmann put it: "Schluter knows how to make people cooperate."

At least according to government sources, it was primarily due to Mogens Glistrup that the initial negotiations with the Progress Party broke down. He took up 90 percent of the time set aside for speeches, talking almost exclusively about his own proposals. People will say: "It is clear that the road to influence does not go through him. Glistrup simply does not want influence, and it has been like that ever since 1973."

Mogens Glistrup

And then there is Glistrup!

He has learned to walk three steps behind Pia Kjarsgaard. He is quite capable of interpreting his own election figures, but it is his sincere belief that he was the one who won the election for the party. Certain members of the group are prepared to agree with him, for, after all, it is his policy upon which the party has based itself ever since 1973 and which is now simply being presented in a different manner.

Nor is there any doubt about his internal influence, which is due to his enormously high level of knowledge within a group that is extremely weak, as far as political substance is concerned. In group meetings, he is seated at the foot of the table next to his huge wastebasket, a stocky, hard-working man, who has devoted his entire life to the Progress Party. It is the only thing he is able to talk about and that he wants to talk about. Friendless, but possessed by a political idea, he will carry on until the fuse blows.

The party no longer belongs to him, and a lot of the things that are going on now are beyond him. However, he cannot let go of the party, and the party cannot let go of him. This is the shadow of the past which the party will never be able to shed.

Profiles of the Folketing Group

Ernst B. Schmidt, potato grower, 64, bachelor, elected in Ribe County. Was a member of the Folketing 1977-81. Re-elected in 1988. Used to vote for the Social Democratic Party. Is, in principle, of the opinion that it is wrong to tax work and that it is wrong that the country should be "flooded with refugees."

Kirsten Jacobsen, real estate broker, 46, married, member of the Folketing 1973-82, re-elected in the North Jutland County in 1988. Close contact with Pia Kjarsgaard and Mogens Glistrup. Hard-working with a strong desire for personal liberty. Knows the parliamentary game.

Jane Oksen, medical secretary, 47, married, elected in September 1987 in Ringkøbing County. Member of the municipal council for 8 years. Used to vote for the Conservative Party, but the fiscal policy and the bureaucracy caused her to change her party affiliation. Social policy spokesman. Strong supporter of the "new" pragmatic line.

Aage Brusgaard, auto mechanic, 41, married, elected in 1988 in Viborg County. Member of the municipal council since 1978. Knows the boundlessness of the bureaucracy from a small workshop. "Glistrup said everything in 20 minutes that I had in mind."

Jorgen Jorgensen, farmer, 59, married, newly elected in Funen County. Former (Conservative) member of the municipal council, but felt that the party failed the less independent citizens in the seventies. Farms an old

family farm in North Funen. Nationalist, liberal, and somewhat of an anarchist: "Many of the country's problems are created by the Folketing."

Kim Behnke, electronics consultant, 27, elected in 1987 in Aarhus County. National chairman of the Youth League of the Progress Party 1981-85. Interested in ideology and has already made his mark in the group as a member of the Finance Committee. Admirer of Glistrup, but also conciliatory. Can visualize the party in a future government coalition.

Tove Niemann, bookkeeper, 54, married, elected in Roskilde County, the first time 1981-84. Reelected in 1988. Works in husband's small contracting business. Was not politically active until 1973. The fiscal policy and the bureaucracy caused her to join the Progress Party.

Pia Dahl, sales consultant, 35, married, elected in the Helsingor District in 1987, now in the Hillerod district. After spending 8 years in an Arab country, she returned disappointed to Denmark, "where everybody buys everything on credit." Particularly interested in the problems of young families and is one of the women contributing to "the creation of a better tone within the group."

Annette Just, large-scale farmer, 40, elected in 1987 in Vejle County. Used to vote Conservative. Party member since 1977. Member of the Jelling town council. National chairman in 1986. Member of the executive committee and editor of the paper FREMSKRIDT. Very active within the party organization. Nationalist and advocate of "simple and clear speech."

Mogens Elvensoe, civil engineer, 65, elected in West Sjælland County in 1988. Member of the Slagelse town council 1974-86. Proprietor of an advisory engineering firm. Supported Glistrup in opposing the agriculture agreement. Advocate of a stricter course and believes that personal liberty should be defended till the end.

Ingrid Kjaldgaard, wholesale dealer, 66, newly elected in 1988 in the Eastern Large Constituency. Voted previously for the Conservative Party. Cofounder of the Progress Party's branch at Frederiksberg and member of the municipal council from 1978. Particularly interested in social politics and the care of senior citizens. Is of the opinion that the retired should be tax exempt.

Kristen Poulsgaard, herdsman, 53, elected since 1973 in North Jutland County. Has in the course of the years learned to control himself "because the members will no longer tolerate provocations. They may laugh at one once in a while, but they must not do it all the time." He no longer believes that it is possible to change everything.

Knud Lund, police inspector, 47. First time in the Folketing in 1978. Newly elected in 1988 in Storstrøm County. One of the party's 30 municipal council members and the only one in Zealand. Declared Tolstoy anarchist. Finds that the modern technical society is becoming increasingly devoid of freedom.

Helge Dohrmann, contractor, 49, member of the Folketing since 1973, elected in North Schleswig County. In his capacity of chairman of the Folketing group, he works in close cooperation with Pia Kjærsgaard. Seeks compromises and believes that the agriculture agreement is the beginning of a better established cooperation with the government.

Mogens Glistrup, attorney, 62, married, elected for the first time in Copenhagen County in 1973. Founder of the party. Influence reduced after sentence for tax evasion, but still plays a major role as the party's think tank. Is often outvoted in group meetings but never gives up. Supporter of a zero organization.

Pia Kjærsgaard, former domestic, 41, married. Entered the Folketing in 1984 as a deputy for Mogens Glistrup, now elected in Vejle County. Political spokesman and superb saleswoman of the party's policies. Less strong on political substance. Some fear that she may wear out her good-will.

Voters Favorable Toward Ties

36130077 Copenhagen *BERLINGSKE TIDENDE*
in Danish 18 Jul 88 p 3

[Article by Gallup Institute: "Gallup: Voters Supporting Cooperation With Progress Party"; first paragraph is *BERLINGSKE TIDENDE* introduction]

[Text] The Radical Liberal voters, too, advocate a cooperation with the Progress Party, it appears from the results of a poll taken by the Gallup Institute against the background of the attention created by the agriculture agreement.

Gallup

The political agreement between the government and the Progress Party became somewhat of a political event, though without reason, while the voters find such a cooperation quite natural. This appears from the results of a poll taken by the Gallup Institute against the background of the attention created by the agreement.

A representative section of the electorate comprising about 1,000 respondents, was asked the following question:

"The new government is a minority government and therefore has to cooperate with other parties in the Folketing. In that connection, the question has arisen whether it will be able to cooperate with the Progress Party. What is your opinion? Do you find that the new

government, in principle, will have to be equally able to cooperate with the Progress Party as with other parties in the Folketing, provided, of course, that they are able to agree, or do you find that the government should endeavor to avoid such a cooperation?"

The answers to the question were as follows, distributed on the basis of the party affiliations of the respondents:

As will appear from the table, a large absolute majority of the voters (60 percent) finds that the Liberal, Conservative, Radical Liberal coalition is right in cooperating with the Progress Party. And this irrespective of the fact that most of the voters would have preferred a continuation of the Four-Leaf Clover coalition rather than the Liberal, Conservative, Radical Liberal coalition.

It should be no surprise that all of the voters of the Progress Party are in favor of a political cooperation. However, it is interesting to note that a relative majority (47 percent as against 43 percent) among the Radical Liberal voters want a cooperation between the Liberal Party, the Conservative Party, the Radical Liberal Party, and the Progress Party.

Only the actual left-wing voters are opposed to the cooperation reflected in the agreement. Nevertheless, 38 percent of these voters find such cooperation desirable. The same position prevails among the Social Democratic voters as among the Radical Liberal voters, whereas the two large coalition parties even take a very positive view of the new political cooperation.

	Cooperation %	Avoid Cooperation %	No Opinion %	Total %
Total	60	28	12	100
Party Affiliation:				
Social Democratic Party	45	42	13	100
Radical Liberal Party	47	43	10	100
Conservative Party	80	11	9	100
Socialist People's Party	38	56	6	100
Center Democrats	82	13	5	100
Christian People's Party	74	12	14	100
Liberal Party	85	8	7	100
Progress Party	98	-	2	100

Reprint subject to indication of BERLINGSKE TIDENDE and the Gallup Institute as sources.

07262

**Pia Kjaersgaard on Progress Party's Success,
Glistrup's Role**
36390084 Oslo AFTENPOSTEN in Norwegian
29 Jul 88 p 3

[Interview with Pia Kjaersgaard, parliamentary leader of the Danish Progress Party, by Bjoern Broeymer; first paragraph is AFTENPOSTEN introduction]

[Text] All this state and communal support to cultural affairs must be ended says the parliamentary leader of the Danish Progress Party, Pia Kjaersgaard, and states views that coincide with those of Carl I. Hagen's party in Norway.

"Yes, of course I am in full agreement with the Progress Party in Norway that all this state and communal support to culture must be ended. Denmark holds the world record in tax burden and foreign indebtedness per inhabitant. We have waiting lists for hospitals and sanitariums. We must set priorities. There are certain things that we ought to have to pay for ourselves. Like culture. And this has nothing to do with the Progress Party being hostile to culture." Pia Kjaersgaard is the parliamentary

leader in the Danish Progress Party and she says that it is important to speak a language that people understand. It is consequently not difficult for someone to comprehend that culture is something that belongs to private initiative, according to Pia Kaersgaard. We have no need for a national theater if it does not manage by itself. To make up for it, there will always be Michael Jacksons who collect thousands in large stadiums.

She is 41 years old, born, raised and resides in Copenhagen, but representing the amt [administrative district] of Fyn in the Folketing. Married. Two children; 20 and 18. Before she went into politics, she was a house helper.

Why Not Football?

"Culture thrives best in freedom. There is just as much culture that is not getting support from the state as all the fine culture which the state supports. All the Danish hooligans, who travel around to foreign football stadiums and support Danish football players, look upon their form of hobby as culture. But, indeed, they must pay themselves!"

[Question] Yes, and what of it?

[Answer] "Why shouldn't they get support from the state just as well? Ahead of some second-rate author or another who is getting assistance? This is totally laughable, to be sure. Look at the theaters! In London, they are flourishing without absolutely any government assistance, because they put on something that people want to see, that people stand in line in order to see. But here, in Denmark, they produce experimental theater, which is deeply depressing to the public. Certainly, people should be able to find misery. But every individual should have to pay for it himself. State budgets should not suffer from this."

[Question] So, the Royal Theater can shift for itself?

[Answer] "Yes, of course. Herr Jensen from North Jutland doesn't come there often. If they hadn't mixed the Folketing up in this and had let the Royal Theater put on things that people want to see and, besides, if they would operate during the tourist season, things would be different. Just look now! In the middle of the summer the theater is closed! This isn't right. There must be another entirely different structure. And a leadership that knows economics and business. I do not think that it would be easy for the Royal Theater without millions in support from the state, but it should work if they let it."

Tax Pressure and Immigrants

Pia Kjaergaard's long narrow office in Christiansborg is like a cosy Danish parlor, a dark green sofa, a simple chaise lounge, Louis Poulsen lamps, small-paned windows. Truly homey surroundings for a discussion about people and elements which the Progress Party does not want within Denmark's borders.

[Question] What is the reason for the Progress Party's success in Denmark?

[Answer] "The Danish world record for tax burdens, and our realistic attitude toward the immigrant problem. Today we are seeing fantastic frustration among the middle-class voters, because the non-socialists have constantly come to terms with the socialists. Every single time, this has meant new duties and taxes. Right now, 900,000 Danes have to fork out taxes totalling 1.8 billion. It is always the social democrats who have won out with their viewpoints. They have put their colossal fingerprint on the laws which the non-socialist government has been carrying out."

[Question] A Norwegian politician would never find himself able to use the image of "a fingerprint on laws."

[Answer] "Well, really this is not a fingerprint that the social democrats have put on the laws, it is a footprint, the size of a rubber boot."

[Question] Are there other reasons for the Progress Party's success?

[Answer] "This also has something to do with the fact that the party has changed its style. We had a very bad image 2 years ago. Then, we were out of the running in all political opinion polls. With the election in September 1987, we got nine seats in the Folketing. The last election, in May, gave us 16 seats, and now we are in line for 29 places, according to the latest opinion polls."

[Question] What does the image change come from? That Glistrup has been pushed into the background?

[Answer] "Yes, that has significance. There is no doubt that people have grown tired of Glistrup. That's how it is with politicians—some are thrown out. People want somebody new."

[Question] Mogens Glistrup has said that Poul Schluter reminds one of a perfume dealer who sprays scent all around himself, but this costs money and it doesn't lead to concrete results.

[Answer] "No, it is not Glistrup who said that. It was Steen Danoe, a well-known business leader in Denmark, who came out with this statement in a TV commentary several years ago. The statement has stuck with the prime minister ever since. I cannot be angry about the characterization of Schluter. I could have said the same thing myself. Glistrup has said far worse things than that."

[Question] Like what?

[Answer] "I would rather leave it to others to express their views about this."

[Question] Then we will freshen your memory! In April this year, Glistrup stated that "all the moslems are coming to Denmark in order to conquer this land of infidels with Mohammed's teachings and to milk the Danish state treasury."

[Answer] "Yes, and they are indeed doing this! But it is the way that Glistrup says it that which makes many people frightened. I think that I could say the same thing in an entirely different way without frightening or provoking anyone. But, entirely deliberately, Glistrup expresses himself crassly and provocatively. He is completely different at the party's group meetings. There are, to be sure, no journalists present then."

[Question] But, speaking candidly, do you think that the moslems are coming to Denmark in order to spread their religion and milk the Danish state treasury?

[Answer] "Yes, and there is no doubt that a large majority of the population in Denmark is against the law on foreigners that we have. The Progress Party wants the law to be submitted to a popular referendum. But the other politicians say no. They don't dare. We are against Denmark getting as many luxury refugees and immigrants as we are seeing today. By luxury refugees, I have

in mind those who have not sat in a refugee camp, but who come straight from Iran in order to get a better apartment and a better education in Denmark. According to Danish law, these people are put at the front of the refugee line. And of the line for education. This, we think, is totally unfair with respect to the Danes."

Denmark Is Not a Welfare Office

[Question] Luxury Refugees! Do you think really that refugees from Iran are coming to Denmark only in order to live better? They are, of course, running the risk of being hanged by Khomeini!

[Answer] "We don't know anything about that! Certainly, the media write this. On the other hand, Denmark is a small country which is in the middle of an economic crisis. We cannot function as a welfare office for the whole world. But, in Denmark, we have legislation which makes it easy for all to get into the country and to be given privileges. The refugee law was tightened up a bit in 1986 but, from 1983 to 1986, Denmark had the world's most liberal refugee law and we are still struggling with the after-effects of this."

[Question] Glistrup has also said that the immigrants are breeding like rats.

[Answer] "Yes, so, now I must confess that it is my principle not to comment on what Mogens Glistrup says, because this would not be fair. He himself must answer for what he says."

[Question] No, he hasn't had to do that all the while he has been representing the Progress Party. Don't you think that this with the rats is somewhat strong?

[Answer] "Yes, and it is unbelievably irritating that he says this, but I can't undo it. Therefore, he has to straighten things out himself."

Not Racism

[Question] Don't you think that this smacks of racism?

[Answer] "No, absolutely not. Racism has something to do with hair color, with the color of the eyes. To the contrary, it seems to me that our political opponents are being racist vis-a-vis us when they say that they absolutely do not want to have anything to do with us. After all, we have 300,000 voters behind us."

[Question] BERLINGSKE TIDENE characterizes Pia Kjaersgaard as a political lightweight who can easily use up her good will.

[Answer] "That remains the newspaper's own reckoning. I think myself that I have a good nose for when it is wise to speak my mind and when it is right to keep silent. I will continue to decide this without BERLINGSKE TIDENE's help. The paper sees it as unfortunate that the

Progress Party is taking so many conservative voters. It is correct that I am not a candidate of political sciences but, to make up for this, I work, and there are many of the other politicians in the Folketing who don't do this.

13032

FEDERAL REPUBLIC OF GERMANY

Effects of Changes in USSR on Inner-German Relations

36200206a Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 9 Jul 88 p 4

[Article by fy: "Has the Time for the Partition of Europe Expired?—Changes in the Soviet Union and the German Question"]

[Text] "One does not need the gift of prophecy to be able to predict that the German question will be brought up before long by the Soviet Union." This conviction was expressed by the Germany policy spokesman of the CDU social committees, Lehmann-Brauns, in an evaluation of the All-Union Congress and its effects upon inner German relations. He said that Soviet policy contained some indications that the time for the status quo in Europe had passed. A Europe divided into two parts is said to have no future. For the government of the GDR, this means that it must muster the courage to break the vicious cycle of strangulation, demotivation, and resistance on its own and to systematically grant private and political freedoms in the GDR. An across-the-board takeover of the resolutions passed in Moscow dealing with the GDR cannot be expected. Lehmann-Brauns demanded, however, that the GDR adopt the Moscow example in orienting itself with respect to individual questions, for example, by not having the elections in the GDR retain their rubber-stamp character, but be given the character of a competitive contest between several candidates. Moreover, the nominally present party plurality in the GDR (in addition to the SED, there are the "block parties," such as the CDU, the LDPD, the NDPD, and the Peasant Party) might once more be brought to life democratically, as had been the case immediately following the war, from 1945 through 1947. Lehmann-Brauns welcomed the fact that the Federal Government has desisted from publicly lecturing the GDR leadership in view of the precarious situation in which East Berlin finds itself as a result of the Moscow reform policy. However, he, Lehmann-Brauns, is demanding that the federal government clarify the point that West European integration has left room for stronger Germany-Germany collaboration. This cooperation is expected to place the GDR in a position of eliminating the economic shortcomings which are said to be the reasons for the pressures to emigrate.

Wilms, minister for inner German relations, defended the opinion on Friday in Berlin that the developments in the Soviet Union are of specific significance with respect to the future path of Europe and Germany. She referred

to Gorbachev's concept pertaining to the freedom of choice for the various nations, his recognition of national independence and his modification of the idea of the class struggle by giving priority to generally humane values. She said that in the GDR there have been symptoms of unrest among the populace for several months. Obviously, Gorbachev's policies raise questions for the GDR leadership which it has no desire to respond to and to which it possibly lacks any answers. "We have reason to face the reform policy of Gorbachev and its effects upon the GDR and the other nations in the Soviet sphere of influence with growing openness," said Minister Wilms.

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Goals of Kohl's Visit to Moscow Discussed

36200206c Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 27 Jul 88 p 4

[Article by Claus Gennrich: "Bonn Wants To Strengthen Its Weight in Europe by Expanding Its Relations With the Soviet Union—In Moscow Attention to Kohl and Genscher in the Shadow of American Domestic Policy—Return Visit by Gorbachev"]

[Text] Bonn wants to strengthen its ties with Moscow and to expand them. This is intended to result in strengthening the weight of the FRG in the European power game and to use this weight to improve relations between East and West. Bonn wants to be useful and make use of this situation as well. This is also the reason for the impending journeys by the federal chancellor and West German foreign minister to the Soviet Union. Kohl will fly to Moscow on 24 October; Genscher will visit Moscow next Friday. Soviet conversation partners, including representatives of institutes and various scientists, have let Teltschik, department chief in the office of the federal chancellor, understand recently that Moscow is connecting high expectations with the coming of Kohl. Based on this, Bonn is anticipating a favorable atmosphere for the talks. The Office of the Chancellor has received indications from other East European capitals that the signs were good. According to Teltschik's estimate, the position of the Federal Republic in dealings with the Soviet Union has clearly improved in recent months.

Following President Reagan's meeting with Gorbachev a lull has set in between Washington and Moscow now—at the high point of the American presidential election struggle. Consequently, the time for German-Soviet talks could be particularly favorable. The Soviet hosts can concentrate upon the German visitors with greater attentiveness. According to Teltschik's experiences, Gorbachev can only call upon a few specialists and these people normally direct their eyes primarily toward Washington. Now they can turn more easily to Europe in the shadow of American domestic policy.

Kohl had wanted to travel to Moscow from the very beginning at a time when the agreement on medium-range missiles was concluded and the All-Union Congress of the Soviet Party would be over. In the opinion of the Office of the Chancellor, the Gorbachev position has now been strengthened; although the Moscow party congress is not viewed as a shining victory, it is nevertheless evaluated as a success for the general secretary. Because Soviet domestic policy appears, at least temporarily, to have calmed down a little, internal Soviet prerequisites for the talks with the government of the FRG are considered to be a given. Now, Kohl and Genscher want to use their visits to initiate a comprehensive expansion of German-Soviet relations. Bonn has all areas in its view: politics, economics, science, technology, culture, humanitarian matters; Kohl will even submit proposals and offers entailing cooperation in space. Preparations are in full swing. Extensive proposals and suggestions are being formulated in Bonn; and it will be up to the Soviet leadership as to the extent to which it will agree. Kohl has already reported that the Federal Republic can offer a few things in the area of medical instrument manufacture and that it is prepared to collaborate in improvements of safety installations at Soviet nuclear power plants. Universities and academies are expected to cooperate. The already frequently-heard Bonn proposal offering to train managers for industry is likely to be repeated; but yet it is precisely here that the limitation of Soviet possibilities has been noted thus far. The Soviet Union is hesitating to grant its approval, perhaps because of the cost of manager training or out of fear of too strong an influence exerted by the market economy.

Proceed in Stages

Some things are to be saved for the next stage—the return visit by Gorbachev in Bonn which is scheduled for the first half of 1989. Consequently, it is likely that not everything will be taken care of now in Moscow. It is said that Kohl had planned to "place as many projects as possible onto the tracks" and to maintain that they could be brought to conclusion on the occasion of Gorbachev's return visit in 6 months. Continuity was to be preserved. Kohl considers a step-by-step procedure to be suitable because the possibilities at the disposal of the Soviet Union must not be overestimated. The Soviet Union finds itself undergoing changes. Personnel changes have not been completed. German industry is constantly finding conversation partners in Moscow's ministries and state enterprises who are not familiar with their jobs. Jurisdictions are shifting in Soviet ministries and in industry. The results are lack in clarity even in the Soviet Union itself regarding responsibility, regarding the scope of movement and the extent of individual responsibilities. Consequently, Kohl wants to currently restrict himself to making a start, even though patience is needed to realize individual projects requiring cooperation. Bonn is prepared for the fact that results will become visible only in the medium or longer term.

Unlike such premiers as Rau, Spaeth, Strauss, and Vogel, the federal chancellor cannot only discuss popular and comfortable topics in Moscow. He must demand the inclusion of Berlin in all German-Soviet agreements, he must promote inner German relations, and endeavor to secure them, he must discuss human rights and humanitarian problems in the light of the German people of Russia. The chancellor must tackle the tough topics which do not hold out the promise of agreement from the very beginning. These will show how far the Soviet leadership will go in its "new thinking" and how it will utilize new approaches, for example, approaches which reflect the declarations of the Warsaw Pact on human rights. It is being noted in Bonn that Hungary as a member of the Warsaw Pact specifically took up human rights as part and parcel of international relations. Among the individual nations of the Warsaw Pact, the call for cultural rights for national minorities is gaining in weight. From this, Bonn is hopeful that the situation of Germans in the Soviet Union who are determined to emigrate, but also for those who are willing to stay, will occur. Kohl and Genscher wish to secure more developmental opportunities for those who remain and to obtain permission for travel visits. In Bonn's view, the pressure to emigrate would diminish if Moscow were to permit German nationals to travel to the Federal Republic.

Acting for Kohl, Genscher is now to prepare the ground for the conclusion of an environmental agreement which has already been negotiated, but has not yet been signed. The Soviet Union resisted the inclusion of Berlin in the same manner as had been done in 1986 with respect to the ministerial agreements dealing with the basic scientific and technical accord. Now, the Federal Government wants to find the way toward unification in its talks with the Soviet leadership so that the deadlock not become a burdensome permanent topic. Kohl also wants to talk with Gorbachev about Germany's future. In his book "Perestroika," the party chief mentions his talk with Von Weizsaecker, Federal president, of July 1987; at that time, Gorbachev had said that no one could answer for what could happen 100 years hence. Kohl considers this to be confirmation of his view that the German question has not been answered with finality and is, consequently, open. The chancellor intends to obtain Gorbachev's agreement for perpetuating the discussion. The foreign ministers of both nations had already reached a consultation agreement on the occasion of the stay of Shevardnadze, Soviet minister of foreign affairs, in Bonn in January, according to which they intend to meet once each year, irrespective of their meetings at the United Nations in New York. Genscher's visit on Friday and Saturday fits into this agreement; moreover, preparations are to be made for the Kohl trip and East-West developments, particularly in Europe, are to be discussed from the standpoint of conventional disarmament.

Encouragement for Projects

Meanwhile, Teltschik is preparing for the Kohl-Gorbachev meeting with several ministries; apart from the

Foreign Office, other participating agencies are the federal ministries for research, health, environment, economics, agriculture, and the interior. Bonn is trying to clarify which desires Moscow wishes to address to Bonn with respect to aviation and space technology. No decision has yet been made regarding the format of a final declaration covering the Moscow talks by Kohl in October. The intention is to sign a "joint document"; a "fundamental declaration" is possibly to be reserved for the Gorbachev return visit. After the summer vacations, Kohl plans to select his travel companions. They will include representatives of the economy, perhaps Toepfer, minister for environment, nature conservation, and reactor safety, provided the possibility of signing an environmental agreement occurs, and possibly also Scholz, minister of defense. Entrepreneurs in the Federal Republic are advised by the government to show more courage in collaborating with the Soviet Union, even in the establishment of joint projects. Nevertheless, it is the view of the government and the economy that the Soviet Union should create the necessary prerequisites for such developments with an investment-protection agreement, with making the transfer of capital possible, and providing opportunities for the German partners to influence the joint project management. In Moscow, Kohl and Genscher will make such recommendations.

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Schaeuble, Wilms on Reunification

36200206b Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 2 Jul 88 p 4

[Article by fy: "Schaeuble Opposes Model of German Unity"]

[Text] "We need not decide the question today whether we wish to accept reunification only as a result of European agreement or by way of a national solution. We take what we can get." With these words, [Wolfgang] Schaeuble, the chief of the Federal Chancellery, took a position with respect to the question as to whether the reestablishment of the state unity among Germans could exclusively be accepted if it were connected with the establishment of European unity among all nations of western and eastern Europe or whether unity would be desirable even under different circumstances. Schaeuble said that, for the long-term prospects involved in the German question, the Soviet position would be decisive. As long as the Soviet Union believes that it needs the GDR as an outpost, a reestablishment of unity cannot be achieved. Currently, the forces and power constellations, as well as the differences in the systems, currently place extremely tight limitations upon any substantive approaches. Any thoughts of a Germany-Germany entente have just as little a basis as do illusions dealing with a rapid solution of the German question. Consequently, he said it was "nonsense" to currently develop model concepts for this situation and to wish to decide in favor of one option. Two days earlier, Wilms, minister for inner German relations, had said in London that the

Federal Government would consider overcoming the partition of Germany exclusively on the basis of the unification of all of Europe, following the example of West European integration. The Federal Government was said to be betting on the European path toward German unification. Frau Wilms characterized West European integration as being an "example and inspiration."

05911

GREECE

Papandreou's Difficulties, Waning Power Analyzed

'Myth' Being Destroyed

35210130a Athens EMBISTEVTIKO GRAMMA
in Greek 29 Jun 88 pp 11-12

[Commentary by Th. S. S.: "A. Papandreou: The Past Catches Up"]

[Text] For many years the center-left in our country has oriented its political strategy, ideological movements, and daily activities on A. Papandreou.

Papandreou constituted and constitutes the connective tissue that unites PASOK voters, cadres, and deputies with the publishers, journalists, and business circles that support PASOK. Not so much through his own political activity as through the myth he brings with him after his long, vicissitudinous presence on the Greek political scene.

Based on the experience of recent months, we can now say that this connective tissue has begun to dissolve. Papandreou's presence and activity began some time ago to be felt as a liability for the governing party, and this is now having a pernicious effect on the myth itself of Papandreou "as a master of the political game."

A Myth That Is Starting To Crumble

For a long time now close observers of the Greek political scene have realized that Papandreou has failed at his "everyday" duties as prime minister. That is to say, he has failed:

- a) to create a government strategy for dealing with the daily problems of concern to voters;
- b) to coordinate the apparatus of government; and
- c) to select and promote capable politicians to implement government decisions.

For that matter, Papandreou acknowledged this failure in deed by giving up a significant portion of his responsibilities to A. Koutsogiorgas in the fall of 1987.

Since then it has been supposed that Papandreou, freed from the difficult duty of dealing with the task of the government in the area of domestic policy, would concentrate on preparing for the coming elections by:

- Preparing spectacular fireworks in foreign policy;
- Appearing frequently and systematically before the public in ideological and political interventions designed to improve his personal image.

However, the results of this plan have not lived up to the expectations of its creators, because in the end:

- Papandreou failed spectacularly at Davos. His personal handling of the issues involved in Greek-Turkish relations did not produce any benefit to the nation or even to the party. On the contrary, one of the strongest elements in PASOK's identity—its nationalistic foreign policy—was abandoned for nothing.
- Papandreou has been less effective in all his difficult appearances in Parliament. He made no response to Mitsotakis in the health debate nor to the ND leader's rejoinder in the debate on the motion of no-confidence. He also made a bad impression in the Davos debate last March. It is indicative that at one point in that confrontation, he miscalculated and read an extract from a speech by Mitsotakis which completely justified ND's policy, resulting in Papandreou's being applauded wildly by the MP's of the official opposition.
- Papandreou made a bad public impression (both for himself personally and for the government) in making his son Giorgos Papandreou a minister and in his tardy concessions to the teachers' demands. In the teachers' strike in particular, with his refusal to intervene and to coordinate the government's actions, he managed:
 - a) to collide nastily with the teachers and to convert the otherwise all-powerful teachers PASKE into a failed strike-breaking mechanism;
 - b) to cause the students and their families unimaginable inconvenience; and
 - c) to smash the government's incomes policy in the most spectacular manner.

The Past Catches Up

Papandreou's aforementioned demythification and personal failures are not due primarily to a decline in his personal political effectiveness, as one might at first glance suppose. Far more significant are the mistakes of the past, which the Prime Minister is now being called on to pay for. The boundless promises of his opposition period, the needless giveaways in 1982, his persistent refusal up to the last moment to engage in dialogue with Turkey—all this had paid short-term political dividends in the past but is now catching up with him.

Papandreou long followed the policy of "fleeing forward," which made it possible for him to avoid coming to grips with errors and problems. Today, as his time in active politics is coming to an end, the circle is starting to close and Papandreou finds himself face to face with the past he has managed so skillfully to avoid until now.

Papandreou's current problems do not concern him alone, however. Far more than him personally, they will affect the future of the center-left in Greece. Not only because they directly damage its electoral prospects but also because as Papandreou departs the scene, he will leave as his "bequest" to the center-left the unpleasant duty of having to explain why it believed so long and so steadfastly in a myth which, as was only natural, has collapsed noisily.

Personal, Political Problems

35210130a Athens ELEVETHEROTYPIA in Greek
9 Jul 88 p 9

[Commentary by Spyros Karatzaferis: "Three Bad Headaches for Andreas"]

[Excerpts] Prime Minister Andreas Papandreou feels himself trapped in three dead ends, and with close associates is looking for a way out. There are various ideas as to how to the Prime Minister could "escape" from the three dead ends, which we shall reveal later, but none of the operational "escape plans" has been implemented as yet.

In addition, there is also the easy, temporary kind of solution that Papandreou likes when he feels himself trapped—taking a few days' vacation.

And yet Prime Minister Andreas Papandreou currently faces three serious problems that are as "hot" as the weather.

The first comes from abroad. The government has absolutely reliable information that there is to be a worldwide campaign of slander against the person of the Greek Prime Minister while he is President of the EEC.

Behind this campaign lurk Israeli and West German services, and the purpose of this direct attack is to persuade Papandreou to recognize Israel "at once" and to restore full diplomatic relations between the two countries.

The attack will be against the person of the Prime Minister only and not against PASOK and will focus on his personal life and financial dealings. The architects of the slander campaign—the Israeli Foreign Minister knows something about it too—have obtained the cooperation of various publications in Greece, Europe, and the United States.

A Greek journalist close to the official opposition was asked by Israelis to cooperate in the campaign of slander against the Prime Minister but refused categorically.

They approached at least one lady, a former friend of Papandreou's, and suggested she publish a book of memoirs, offering to pay her lavishly, but she too refused.

The Prime Minister's second problem comes from his wife, Margaret Papandreou, who is determined to "go to any length" if Andreas Papandreou insists on a divorce.

The couple's discussions—both directly and through third parties, mainly through their children—of a civilized divorce by mutual consent have led nowhere.

Margaret Papandreou demands that she remain, formally at least, the wife of the Prime Minister and that they play the part of a happy couple before the outside world. Andreas Papandreou refuses to accept this hermaphroditic situation and wants the marriage to be dissolved, because "it's not right to make fools of ourselves," as he puts it.

Margaret Papandreou threatens "war on all fronts," and thus far not even her children have been able to budge her from this position.

Although they are unrelated, in conjunction with one another the Prime Minister's first two problems form an explosive mixture because of the way they happen to come at the same time.

The Prime Minister's third problem is the President of the Republic, Khristos Sartzetakis, whose eccentric political thinking has made him a brake on any political maneuver Papandreou selects to escape from his dead end.

He refuses to resign (this is well known) next March so that the Prime Minister can move up to the presidency and thus:

1. Avoid having to face the difficult third election;
2. Promote his son Georgios A. Papandreou to Prime Minister;
3. Avoid having to sign an extension of the American bases himself; and
4. Shut the door to K. Karamanlis' return to active politics.

Sartzetakis demands Papandreou's promise that he will be reelected President of the Republic for another 5 years "to complete his task"; otherwise (he intimated) if elections are called even 1 day before the end of the 4-year term, he will appoint a caretaker government to conduct elections.

I had first written about this "threat" of Sartzetakis' on 16 April 1988 under the title "Andreas' Plans for the Immediate Future," and my colleague Panos Loukakos took it up again last Sunday, and there has been no denial.

On 4 April [as published] I wrote: "If elections are called before the 4 years run out, the President of the Republic has the constitutional right to appoint a caretaker government to conduct the elections. This, however, would mean almost certain defeat for PASOK."

Thus the President has robbed Papandreou of the ability to spring a surprise by calling elections at a time convenient to him, such as next November.

The Prime Minister nourished some small hope that he could overcome the problem of the President by persuasion and dialogue but just before going on vacation he was completely disappointed on this point, as he confessed to two very close associates:

"That fellow's beyond words," he said in a characteristic moment.

What has happened? At their last meeting, Khristos Sartzetakis told Andreas Papandreou:

"Mr Prime Minister, I am taking good care of myself medically and physically so as to be in the best possible state of health to continue my difficult task for another 5 years as President of the Republic (smile)."

The Prime Minister neither spoke nor smiled. He left in a thoughtful or, rather, furious mood.

These three problems above all have compelled the Prime Minister to look for solutions. And he has revealed to very close associates that he needs three things to happen to escape his dead ends:

1. For the Turkish forces to leave Cyprus;
2. To strike a decisive blow against terrorism;
3. To bring about—note this!—a historic compromise by proposing a person from the conservative ranks for the Presidency of the Republic.

And the most amazing of all (at first glance): In his thinking he is not ruling out Karamanlis, whom he himself evicted in 1985 to bring in Sartzetakis. As a second possibility he "sees" G. Rallis.

What do you say? You heard it from us.

Economic Officials Counsel Early Elections *35210118b Athens TO VIMA in Greek 3 Jul 88 p 3*

[Article by Mikh. Dimitriou]

[Text] A great deal of thinking and discussion is going on lately in certain circles of the PASOK government whether and under what conditions sudden general elections should take place this fall—in October or November—or next year in February or March. Their central concern is how PASOK will again win a majority of seats in the Chamber of Deputies. The discussion was set in motion by the teachers' strike and the fear of mass strikes next September.

Already two of the so-called economic ministers have expressed their view that even if concessions made to teachers by education Minister George Papandreou do not inspire demands by other employees of the public sector, they will certainly serve as "a precedent and framework for demands" which will effectively abolish the government's income policy (allowances, overtime pay, etc.).

The same ministers believe that next fall the opposition, with ND in the lead, will instigate all kinds of economic demands and mass protests, especially as we come closer to the election. As a result, the government will be forced to satisfy, even in part, those demands or resort—in a clearly electoral period—to "arbitrary and repressive methods." But this will weaken its prestige and image among its traditional voters and among the young. Based on this reasoning, the two economic ministers have expressed their view that a sudden, early election will reduce all those dangers and multiply the chances of maneuvering by PASOK and the government. They recommend that the election be held in the fall, or at the end of winter. They also argue that the need for "double ballot boxes," which is met if the election is held in June, can also be met if in an early election—in place of the Euroelection—there is a second ballot box (as interior Minister Akis Tsokhatzopoulos has recommended for some time now) for the elective home councils, the so-called second level of self-government.

No Election in the Fall

Certain reports claim that Premier a. Papandreou does not even want to discuss the issue of an early election in the fall (ND Chairman K. Mitsotakis is of the same opinion), but that he is willing to discuss the idea for February or March. Nevertheless, on his part, Deputy Foreign Minister Th. Pangalos denied a report that last week he told a Dutch newspaper that "I do not rule out the possibility of an early election during the period Greece holds the presidency of the European Community."

On the other hand, many in the highest echelons of PASOK's party machinery favor an early election, although they do not dispute Papandreou's publicly

stated view for a double election [parliamentary, Euro-deputies] on 18 June 1989. Their views are apparently being discussed seriously because a common element of all these recommendations is how PASOK will again win the election, not how PASOK will lose with fewer losses.

Related Evaluations

Before we proceed with a discussion of arguments presented in favor of an early election, let us note related evaluations by opposition leaders.

Before he left the hospital recently, former President of the Republic Kon. Karamanlis reportedly said to visitors that he believes "the election will be held in November."

By contrast, Kon. Mitsotakis in discussions with close associates, said that "in the fall the situation will become very unpleasant for PASOK," but despite pressures and recommendations, Papandreou will decide in the end against an early election before June 1989. "I see us going to the polls in June because of the premier's lack of determination, and with PASOK being dragged into the election." Mitsotakis, who considers himself a sure winner, tells his associates, "It's a sure thing, why should we rush?"

With different reasoning both KKE and the Greek Left [EAR] do not rule out the possibility of an early election in the fall, especially in October or November when the EEC presidency will not cause especially difficult problems. In fact, Kh. Florakis says, "the government's and PASOK's assurance that the election will be held in June 1989 is a condition for having a sudden election. Otherwise, what kind of surprise would it be?"

On his part, EAR Secretary General Leonida Kyrkos told his party's Executive Bureau that he has specific information from "Inside PASOK" that the idea of an early election in the fall is under consideration.

Thoughts and Assessments

What is the reasoning and arguments used in discussion, recommendations, and thoughts expressed in ministerial offices or at PASOK's central offices with regard to holding the election 3 or 7 months earlier? The rank and file, of course, do not care because they are on vacation or at the beach. One argument is that in the fall farmers will be happy with this year's good harvest and the high prices for their produce. A fall election will avert the expected strike wave (in the form of competitive demands and pay increases for teachers or Public Power Corporation employees). A fall election will provide a convincing explanation for not holding two thorny political gatherings—Congresses of PASOK and the General Confederation of Labor—and also of not taking up the new [simple proportional] electoral system, while it will leave "open" the question of the American bases and Greek-Turkish relations.

In other words, it is believed that in the fall there will be a maximum of positive responses or at least toleration on domestic issues and a minimum of (future) problems in international issues.

Moreover, it is considered legitimate to cut the entire electoral campaign down to 3 weeks because of the Greek EEC presidency and related needs. This will enable the government to systematically create a positive image for itself (without the familiar campaign declarations and promises), while at the same time allow insufficient time for other parties to activate themselves, especially if the early election is suddenly announced.

7520/12232

Opening of Troubled Electoral Period Predicted

35210130b Athens ELEVTHEROTYPIA in Greek
10 Jul 88 p 48

[Commentary by Panos Loukakos: "Reefs and Tricks To Secure Desired Results. At the Start of the Long Pre-election Period"]

[Text] We are at the start of a long preelection period. As we already indicated last Sunday, Prime Minister Andreas Papandreou intends to call elections around November 1988 if he can ensure that President of the Republic Khristos Sartzetakis will not respond negatively and if his government makes it that far without accidents. With that in mind, let's look at the facts that form the background for the imminent showdown.

In the last elections, in 1985, PASOK won 46 percent of the vote, New Democracy 41 percent, KKE 10 percent, and KKE Interior 2 percent. Based on these results it is reasonable to suppose that:

- It is not at all unlikely that PASOK, which is also suffering the usual decline of the party in power, is less popular among the electorate than it was in June 1985.
- It is out of the question that New Democracy should have lost votes, since nothing has happened since 1985 to have a negative effect on its image.
- It is also out of the question that KKE should have lost votes, for exactly the same reason.
- Finally, EAR [Greek Left] and the group that broke off under Baniyas should not at this moment have a smaller percentage of votes between them than they had in 1985 as the united Communist Party of Greece of the Interior.

The logical prediction, therefore, is that the only party in danger of doing less well than it did in 1985 is PASOK. And a simple shift of some 3 percent of its voters would suffice to completely overturn the current correlation of forces. This is because under the current electoral law

even marginal shifts of PASOK voters either to the right or to the left pose a deadly threat to the ability to form a one-party government that Andreas Papandreou is pursuing yet one more time.

It is not only simple arithmetic that suggests this threat. It also comes from certain secret polls that are already on the government's desks. According to these polls, PASOK is holding on to or even very slightly increasing its strength in the provinces but is suffering significant losses in the large urban centers. And these losses are not matched by the small gains in the countryside.

As things stand today, then, both New Democracy and KKE expect to make some gains because of PASOK's losses while in power. And the question is whether these gains will radically alter the current political scene.

According to the assessments of New Democracy officials, PASOK's losses will enable their party to win an absolute majority in the next Parliament. But there are also many in the official opposition who believe that in the end ND will not win the votes of all those currently "grumbling" about PASOK. "We haven't managed," they say, "to convert that reaction against PASOK into support for New Democracy." And those taking the latter position tend to be among the more responsible and credible officials of the official opposition.

On the other side, the usual fanatics surrounding Papandreou argue that of course PASOK will once again have an absolute majority in Parliament. However, the more intelligent ones reiterate to the Prime Minister at every opportunity that it is "up in the air," that the correlation of forces is balanced now, so balanced that it is impossible to make any predictions with certainty. In their view it is possible that either PASOK or ND could come out of the elections as the Number 1 party, with neither of them able to form a government by itself. In fact some of PASOK's presumably more responsible officials argue that if one of the two large parties has a better chance at an absolute majority in the next Parliament, then it is New Democracy.

Based on current circumstances, then, the coming elections are truly "up in the air" between the two large parties. Truly it is difficult to make any predictions, even for those who study the various polls and monthly surveys. And the question is whether Papandreou will go into the next elections in this state of total uncertainty or whether he will do take some action to secure concrete advantages for himself.

The first and main action would involve the electoral law. The government has repeatedly declared in the past that there would be certain changes in the electoral law. With a rotten electoral law "made to measure" for PASOK, Papandreou might be able to secure a majority

of seats in Parliament. But this would lead to real disturbances in the country's political life. It would dynamite its very foundations. And since there will in all probability be a new showdown, new parliamentary elections in March 1990 in connection with the presidential election, why should PASOK cause such trouble? One way or another, a year after the next elections, the harsh punishment would come.

That leaves the simple proportional system, which could reasonably be expected to keep New Democracy out of power and to make KKE the arbiter of events. Given that there is no possibility of postelection cooperation between PASOK and New Democracy or between New Democracy and KKE, the only apparent solution would be cooperation between Papandreou and Florakis.

A cooperation, to be sure, which neither Papandreou seems to desire nor Florakis to seek, as long as things are going well.

For all these reasons the coming period will be politically difficult. And it is a period in the course of which major changes will occur.

If he loses these elections too, it is absolutely certain that Mitsotakis will be compelled to give up the leadership of New Democracy. If Papandreou loses, it is certain too that he will withdraw from active politics, since it would be impossible for him to revert to his Nehru jacket and return to Parliament as head of the official opposition. Both for the current Prime Minister and for Mitsotakis, the struggle will be decisive, because whichever one loses will depart for good. And nobody agrees to depart without a fight.

The question is whether the battle will be fought on terms that will not provoke major political problems, whether it will be a battle that will not constitute the start of real troubles. Already certain persons are thinking up various "tricks" and suggesting politically suspect scenarios to secure the desired results. Even though they know that all this threatens normality and natural political development.

12593

Poll on Partisan View of Worst National Problems, Pollution

35210118a Athens *ELEVTHEROTYPIA* in Greek
3 Jul 88 p 3

[Article by V. Netas]

[Text] According to a poll the DIMEL Co. conducted among 900 households between 10 and 13 May 1988, nearly half (48.88 percent) of Attiki's population considers pollution the most serious problem.

To the question, "which in your opinion are your municipality's three most serious problems," those polled responded as follows [all figures in percentages]:

1. Pollution of the environment, 49.88
2. Narcotics, 38.7
3. Lack of open spaces, 33.91
4. Housing/rents, 25.52
5. Sanitation, 25.45
6. Transportation/traffic, 24.93
7. Unemployment, 20.08
8. Lack of gyms, 17.46
9. Sewage system, 7.88
10. Other, which?, 3.48

An analysis of the poll's data shows that pollution is considered the number-one problem by 53.76 percent of those who voted PASOK in 1985; 46.43 percent of those who voted ND the same year; 39.71 percent of KKE voters; and 50.00 percent of KKE-Int. voters. The polled ND voters also consider narcotics as a serious problem (46.43 percent), while KKE voters consider narcotics as the worst problem (44.12 percent), followed by pollution (39.71 percent). Also, 47.22 percent of those polled were women. Of these, 54.08 (PASOK) see pollution as the main problem followed by 45.59 percent (ND); 35.48 percent (KKE); and 24.00 percent (KKE-Int.).

Persons 55 years old and over (total polled: 55.27 percent) are more concerned about pollution (PASOK, 63.27 percent; ND, 46.67 percent; KKE, 56.25 percent). Less concerned are persons 30-39 years old (total polled: 30.29 percent): PASOK 43.40 percent; ND, 39.13; KKE, 28; and KKE-Int., 25 percent. Working people, too (49.50 percent among 1985 voters were polled) are very much concerned about pollution: PASOK, 53.66 percent; ND, 50.88; KKE, 32.50 (45.00 percent were concerned about narcotics); and KKE-Int., 50.00 percent.

The Measures Changed Nothing

Of the total polled, 70.42 percent said the measures the government adopted and implemented since February 1988 for coping with the [Athens] "cloud" did not change anything. They represented 53.76 percent of those who voted PASOK; ND, 83.93; KKE, 88.24; and KKE-Int., 64.29 percent (1985 voters). There is a small difference in the percentages of answers given by women. The total polled was 69.42 percent (PASOK, 58.16 percent; ND, 77.94; KKE, 83.87; and KKE-Int, 62.50 percent).

Of the working people, 74.86 percent are of the opinion that nothing changed (PASOK, 58.54 percent; ND, 87.72; KKE, 95.00; and KKE-Int, 62.50 percent). There are differences in the answers given by persons of different age brackets as the tables below show.

TABLE
(All figures in percentages)

1. Ποια είναι τα τρία σοβαρότερα προβλήματα του δήμου σας;	2. ΣΥΝΟΛΟ αναγ.	3. ΠΑΣΟΚ '85	4. ΝΔ '85	5. ΚΚΕ '85	6. ΚΚΕ-εσ '85
7. ● Δεν ξέρω/Δεν απαντώ	0.00	0.00	0.00	0.00	0.00
8. ● Μόλυνση περιβάλλοντος	48.88	53.76	46.43	39.71	50.00
9. ● Συγκοινωνία	24.93	24.28	23.21	30.88	28.57
10. ● Ελλειψη πρασίνου	33.91	38.15	34.82	19.12	28.57
11. ● Σκουπίδια - καθαριότητα	25.45	26.01	26.79	19.12	28.57
12. ● Αποχετευτικό	7.88	6.94	7.14	13.24	7.14
13. ● Ελλειψη παιδικών σταθμών	15.72	18.50	12.50	16.18	14.29
14. ● Ελλειψη σχολικών κτιρίων	11.81	12.72	10.71	13.24	7.14
15. ● Ελλειψη χώρων άθλησης	17.46	21.39	13.39	13.24	28.57
16. ● Ελλειψη χώρων αναψυχής	15.15	18.50	11.61	8.82	35.71
17. ● Ναρκωτικά	38.37	30.64	45.54	44.12	35.71
18. ● Ανεργία	20.08	13.29	24.11	32.35	14.29
19. ● Στέγη - νοίκια	25.52	25.43	24.11	30.88	21.43
20. ● Άλλο, ποιά;	3.48	1.73	4.46	7.35	0.00

Key: 1. What are the three most important problems of your municipality? 2. Percent of total polled 3. PASOK 85 [persons who voted PASOK in 1985] 4. ND '85 5. KKE '85 6. KKE-Int. '85 7. I don't know—I don't answer 8. Environment pollution 9. Transportation/traffic 10. Lack of open spaces 11. Sanitation system 12. Sewage system 13. Lack of child care centers 14. Lack of school buildings 15. lack of gyms 16. Lack of recreation centers 17. Narcotics 18. Unemployment 19. Housing/rents 20. Other, which?

A

ΓΕΝΙΚΟ

1

Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;

2

3

4

	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,59	0,58	0,89	0,00	0,00
<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	28,97	45,66	15,18	11,76	35,71
<input type="checkbox"/> Δεν άλλαξε τίποτα	70,42	53,76	83,93	88,24	64,29

B

ΓΥΝΑΙΚΕΣ

1

Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;

2

3

4

	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	1,01	1,02	1,47	0,00	0,00
<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	29,55	40,82	20,59	16,13	37,50
<input type="checkbox"/> Δεν άλλαξε τίποτα	69,42	58,16	77,94	83,87	62,50

C

ΕΡΓΑΖΟΜΕΝΟΙ

1

Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;

2

3

4

	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,00	0,00	0,00	0,00	0,00
<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	25,13	41,46	12,28	5,00	37,50
<input type="checkbox"/> Δεν άλλαξε τίποτα	74,86	58,54	87,72	95,00	62,50

Table [All figures in percentages]

Key:

A. General; B. Women; C. Working People

1. How do you evaluate the measures implemented since 1986 for coping with the cloud?
2. I don't know—I don't answer
3. They were effective but not sufficiently so
4. Nothing changed
5. Total of persons polled
6. PASOK '85*
7. ND '85*
8. KKE '85*
9. KKE-Int. '85*

*[Polled persons who voted PASOK, ND, KKE and KKE-Int. in the 1985 elections]

18-29 ετών					
D					
1 Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;					
1	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
2	<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,00	0,00	0,00	0,00
3	<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	23,96	30,30	21,43	5,56
4	<input type="checkbox"/> Δεν άλλαξε τίποτα	76,03	69,70	78,57	94,44
30-39 ετών					
E					
1 Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;					
1	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
2	<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,00	0,00	0,00	0,00
3	<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	23,74	41,51	8,70	8,00
4	<input type="checkbox"/> Δεν άλλαξε τίποτα	76,25	58,49	91,30	92,00
40-54 ετών					
F					
1 Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;					
1	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
2	<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,73	0,00	1,92	0,00
3	<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	22,34	40,43	11,54	0,00
4	<input type="checkbox"/> Δεν άλλαξε τίποτα	76,91	59,57	86,54	99,99
55 και άνω ετών					
G					
1 Πώς κρίνετε τα κυβερνητικά μέτρα για την αντιμετώπιση του νέφους που εφαρμόζονται από το Φεβρουάριο 1988;					
1	ΣΥΝΟΛΟ 5 αναγ.	ΠΑΣΟΚ 6 '85	ΝΔ 7 '85	ΚΚΕ 8 '85	ΚΚΕ Εσ. 9 '85
2	<input type="checkbox"/> Δεν ξέρω - Δεν απαντώ	0,92	2,04	0,00	0,00
3	<input type="checkbox"/> Απέδωσαν, αλλά όχι αρκετά	46,17	67,35	26,67	31,25
4	<input type="checkbox"/> Δεν άλλαξε τίποτα	52,91	30,61	73,33	68,75

Table (continued) [All figures in percentages]

Key:

D. 18-19 years old; E. 30-39 years old; F. 40-54 years old; G. 55 years old and over.

1. How do you evaluate the measures implemented since 1986 for coping with the cloud?
2. I don't know—I don't answer
3. They were effective but not sufficiently so
4. Nothing changed
5. Total of persons polled
6. PASOK '85
7. ND '85
8. KKE '85
9. KKE-Int. '85

PORTUGAL

Cavaco Poll Less Favorable; New Strategies Predicted

Approval Rate Down

35420114a Lisbon EXPRESSO in Portuguese
9 Jul 88 p 1

[Text] A substantial majority—77 percent—of the Portuguese citizens who saw the televised interview with the prime minister expressed satisfaction with the actions of Cavaco Silva, while the remaining 23 percent expressed a negative view. These were the results revealed by a poll taken this week by the EXPRESSO-Euroexpansao Panel.

It also developed, however, that 52 percent of the people of Portugal did not see the program entitled "Front Page" telecast on the RTP last Tuesday. It is interesting to note, on the other hand, that what Cavaco Silva said won the least approval in the large Lisbon and Porto metropolitan centers (35 percent and 25 percent, respectively) and on the coast. These are the zones where the interest and participation of the voters in political events are the greatest. The prime minister did, however, win majority approval of what he said during the interview from all of the parties with the exceptions of the communists: 91 percent from the PSD, 85 percent from the CDS, 67 percent from the PS, 56 percent from the PRD and 39 percent from the CDU.

(1) A entrevista esclareceu sobre os principais problemas do pais?	(2) (3)	SIM — 72% NÃO — 27%
Cavaco justificou bem as medidas tomadas pelo Governo?	(4)	SIM — 65% NÃO — 35%
(5) PM e Governo estão a cumprir a maioria das promessas eleitorais?		SIM — 54% NÃO — 45%
Os totais que não perfazem 100% devem-se a alguns inquiridos que não têm opinião sobre a pergunta formulada. (6)		
(1) Did the interview clarify the main problems of the country?		
(2) Yes.		
(3) No.		
(4) Did Cavaco Silva fully justify the measures adopted by the government?		
(5) Are the prime minister and the government keeping the majority of their electoral promises?		
(6) The reason for the totals which do not come to 100% is that some of those interviewed expressed no view pertaining to the question asked.		

Where the other questions pertaining to the recent actions of Cavaco Silva and his cabinet are concerned, there were fewer opinions expressed in favor of the prime minister, as the table shows. In particular, it is apparent that the percentages of those who believe the prime minister and his government are keeping the majority of the promises made during the electoral campaign (54 percent) and those who think the opposite (45 percent) are relatively close. Those in the latter group believe that Cavaco and his executive branch have not kept the promises he made a year ago, which led to the overwhelming victory on 19 July 1987.

Speech Judged Mediocre

35420114a Lisbon EXPRESSO in Portuguese
9 Jul 88 p 3

[Article by Jose Antonio Saraiva]

[Text] The first RTP interview with Cavaco Silva after he assumed leadership of the PSD was a good one. Cavaco gave the impression of a timid but honest and determined man.

Cavaco Silva's second RTP interview, after he became prime minister, was disastrous. He sounded like a robot recorded on a cassette.

The third RTP interview with Cavaco Silva, once this government was in office and after the 19 July victory had been won, was brilliant. He set forth the principles which would guide him and which no one dared challenge clearly and convincingly. The fourth Cavaco Silva RTP interview last Tuesday was so-so.

It is true that the prime minister reasserted laudable intentions, such as his refusal to yield to pressure groups or to be willing to satisfy the appetites of their supporters.

It is true that he was skillful in his approach to some delicate issues, such as the approval granted Savimbi or the Macau problem, declining to take a clear position on these matters but saying enough so that what he thinks about these things became clear.

It is true that he was artful in handling certain subjects brought up by the interviewers, such as private television and the alleged links of the Maxwell-Emaudio group with Belem, in order to put subtle emphasis on the difference between his and other sovereign bodies, with the comment that there is no group applying for private television status which can be linked with him personally.

All of this is true.

But it is also true that Cavaco Silva did not demonstrate the solidarity he has on other occasions.

His convictions rang false here and there.

There were cracks evident in his image.

In my opinion, the reason he gave this impression is to be found in the fact that the prime minister has not been entirely sincere in his relationship with the viewers.

It is clear today that the strategy established by Cavaco Silva for the first year of his government has suffered a partial defeat.

On 19 July 1987, he had a choice of two paths. Either he could give absolute priority to constitutional revision, accepting the need to make concessions to the Socialist Party, or he could rely on voluntarism, depending solely on his own forces and seeking to create de facto situations which would gradually limit the maneuvering room of the other parties, the PS in particular, and would reduce their role to an insignificant one.

Essentially, it was Cavaco Silva's dream to revise the constitution in the field without revising it on paper. In other words, he dreamed of transforming the face of the country by means of legislative measures, in such a way that the basic charter would gradually become an unimportant document.

This was Cavaco Silva's secret dream.

And for this reason, the question of constitutional revision never concerned him excessively.

This was also why he was unreceptive to the idea of "negotiating" this matter with the PS, even stating in his last RTP interview that "Constitutional revision cannot be negotiated."

On Tuesday, however, Cavaco Silva said: "There have been meetings between the PS and the PSD with a view to reaching a consensus on constitutional revision, and each of the parties will have to yield on some things."

This sharp change in his statements faithfully reflects the change which has occurred in the mind of the head of the cabinet, and the change in strategy which he felt forced to make.

Why did this happen?

Basically, because the judgment ruling the labor laws unconstitutional led him to conclude that with this Constitutional Court and its "close" reading of the Constitution, it will never be possible to change the country via the legislative path, thus making the revision of the fundamental text first a necessity.

Cavaco Silva therefore became persuaded that the path of voluntarism had become impractical, so that no other choice remained for him but to negotiate and to yield to the socialists.

However, the prime minister failed to make this need to change the path publicly known on television.

Cavaco Silva chose a magic trick over a frontal and clear relationship with his viewers, in an attempt to conceal the fact that one era has ended and another is beginning.

On Tuesday, the head of the cabinet tried to gain acceptance of the idea that he believes in a path in which he has now ceased, in fact, to believe.

For this reason, his argument rang false, in part.

5157

Cabinet's Popularity Ranking: Beleza Most Controversial

35420120b Lisbon EXPRESSO in Portuguese
23 Jul 88 pp 1, 24

[Text] Leonor Beleza and Miguel Cadilhe are the ministers most familiar to Portuguese and are far better known than the other members of the Cavaco Silva government. That is revealed by a poll this week of the EXPRESSO/Euroexpansao panel.

Leonor Beleza: Sharply Divided Opinion

Besides the minister of health (57.7 percent) and the minister of finance (43.2 percent), Roberto Carneiro, Alvaro Barreto, and Joao de Deus Pinheiro are the only ministers whose names are recognized by more than 20 percent, while Fernando Nogueira and Eurico de Melo are known to more than 10 percent of Portuguese. Scoring under 10 percent are Mira Amaral (8.6 percent), Silva Peneda (7.4 percent), Antonio Capucho (6.9 percent), Valente de Oliveira (3.6 percent), Oliveira Martins (2.7 percent), Couto dos Santos (1.6 percent), Ferreira do Amaral (1.3 percent), and Silveira Godinho (0 percent).

On the other hand, Minister of Education Roberto Carneiro garnered the highest percentage of opinion favorable to his performance among those respondents to whom he is familiar (63.7 percent). Leonor Beleza is in second place (53.9 percent), but she also arouses the highest percentage of unfavorable opinion (34.7 percent) of all the cabinet members. With an image similar to that of Leonor Beleza—who in previous polls has also been shown to be familiar to a great number of people and to have the ability to radically divide opinion of her into two opposing camps, with a minute percentage of people being undecided—is Miguel Cadilhe, although in his case, opinion is not so sharply divided. The minister of finance is viewed favorably by 47.3 percent and unfavorably by 30.3 percent.

Silva Peneda: The Only Unfavorable Balance

It should also be pointed out that Silva Peneda is the only minister for whom the balance of opinion is negative at -4.7 percent (he is viewed favorably by 25.9 percent and unfavorably by 30.6 percent). In these balances of opinion, incidentally, Roberto Carneiro is still in first place (47.7 percent), followed by Alvaro Barreto (36.2 percent), Deus Pinheiro (30.9 percent), Antonio Capucho (27.4 percent), and Fernando Nogueira (25.3 percent).

The ministers not listed in the paragraphs below because they have the lowest percentages are the following: those to whom opinion is favorable: Couto dos Santos ([?]28.8 percent), Silva Peneda (25.9 percent), Oliveira Martins (27.6 percent), Valente de Oliveira (22.8 percent), and Silveira Godinho (14.0 percent); and those to whom opinion is unfavorable: Fernando Nogueira (-14.1 percent), Couto dos Santos (-13.4 percent), Mira Amaral (-13.4 percent), Silveira Godinho (-10.8 percent), and Valente de Oliveira (-9.7 percent).

The seven ministers familiar to more than 10 percent of the panel are Leonor Beleza: 57.7 percent; Miguel Cadilhe: 43.2 percent; Roberto Carneiro: 27.5 percent; Alvaro Barreto: 24.1 percent; Deus Pinheiro: 20.6 percent; Fernando Nogueira: 14.6 percent; and Eurico de Melo: 12.2 percent.

Favorable opinions: Roberto Carneiro: 63.7 percent; Leonor Beleza: 53.9 percent; Alvaro Barreto: 52.4 percent; Deus Pinheiro: 51.1 percent; Miguel Cadilhe: 47.3 percent; Eurico de Melo: 44.4 percent; Antonio Capucho: 42.3 percent; Fernando Nogueira: 39.4 percent; Mira Amaral: 35.1 percent; and Ferreira do Amaral: 33.3 percent.

Unfavorable opinions: Leonor Beleza: 34.7 percent; Silva Peneda: 30.6 percent; Miguel Cadilhe: 30.3 percent; Eurico de Melo: 27.0 percent; Oliveira Martins: 21.2 percent; Deus Pinheiro: 20.2 percent; Ferreira do Amaral: 16.8 percent; Alvaro Barreto: 16.2 percent; Roberto Carneiro: 16.0 percent; and Antonio Capucho: 14.9 percent.

Leonor Beleza is the most controversial minister (53.9 percent in favor and 34.7 percent opposed), and Roberto Carneiro is the one causing the least division of opinion (63.7 percent approve of him, and only 16 percent disapprove).

11798

Government Seen Facing Forces Other Than Opposition

35420120c Lisbon EXPRESSO in Portuguese
23 Jul 88 p 3

[Commentary by Jose Antonio Saraiva: "Beauty and the Other One"]

[Text] One year after winning an absolute majority, Cavaco Silva still appears to be a winner.

After 12 months at the head of the government, Cavaco is still alone in the arena: alone within his party and alone outside of it.

No one is challenging him for his job.

In fact, there has come to be almost a vacuum around him.

General Eanes has retired from politics.

So has Adriano Moreira.

Freitas do Amaral has returned but has been unable to regain his old position or discover the right course to follow.

Alvaro Cunhal is confronted with a profound internal crisis, and his image has received a jolt for the first time.

Vitor Constancio, despite his overwhelming victory at the last congress, seems incapable of galvanizing the PS—whose top leaders, instead of helping each other, are warily circling each other.

Moreover, the opposition has not been able to counter the government's proposals with a single strong, solid idea that would stick in people's memories.

It has always seemed more concerned with tripping the government up on isolated issues than with building an alternative.

The result is that it has given the voters the impression that it is weak and impotent.

Does this mean that the government has governed alone over the past 12 months?

No.

What has happened—and this is something new—is that personalities, pressure groups, and organized forces which had never before participated so directly in the process have appeared on the political and social battlefield.

The minister of justice has encountered opposition from judges and attorneys.

The minister of health has run into opposition from the unions and the Order of Physicians.

The minister of employment has encountered opposition from the CIP [Portuguese Industry Confederation], the CGTP, and the UGT [General Union of Workers].

The minister of defense has had to listen to various complaints from the military.

The minister of finance has been caught in a crossfire of pressure, chiefly from the lobbies interested in the stock market.

And, most important of all, the government as a whole has had to submit to the interpretation placed on the Constitution by the Constitutional Court—an interpretation that demolished all Cavaco Silva's hopes of transforming the face of the country without first revising the Constitution.

The government has therefore had practically no opposition from the political parties.

But it has been watched or pressured by a multitude of forces and interests that have revealed unsuspected energy and formed odd alliances.

There are persons whose popularity has soared in this struggle.

Machado Macedo, chairman of the Order of Physicians, has become more popular than some ministers.

Torres Couto, secretary general of the UGT, has become more important than most of the party leaders.

But how has the government conducted itself in those battles—some of them won and others lost?

It has not always conducted itself well.

The thing that causes the most perplexity is that in some cases, it has allowed itself to be dragged into blind alleys from which there was no elegant escape.

Generally speaking, the government has tried to present the country with an image of authority and firmness.

That is what happened in the negotiations involving Carris, the subway, and the CP [Portuguese Railroad Company].

That is what happened in the dispute with physicians.

That is what happened in the case of the labor package.

And that is what has happened on innumerable issues ranging from court costs and tax reform to military pay.

What is painful to see is that with extremely rare exceptions, the government has been forced in some cases to make an undignified retreat or, in other cases, to submit two, three, or four versions of the same law.

The impression one gets is that in some disputes—like that with the physicians—the government poorly judged its own strength and found itself in situations it could no longer control—with no alternative except to yield.

Now that is bad.

When it gets involved in an arm wrestling contest, a government is supposed to win—the danger being that if it loses, all the other pressure groups will be encouraged to engage it in contests of strength.

On other issues, the government has revealed an inexplicable ineptitude with the technical aspects of the law—it has submitted bills doomed to defeat from the start by any constitutional expert not fully committed to defending Cavaco Silva.

In this area, the government has apparently not surrounded itself with the best experts—and that is unpardonable because a government claiming to be decisive cannot let itself be caught in rudimentary booby traps.

One year later, Cavaco is still just about as strong as he was at the start.

The opposition parties have still not found the best way to attack him and chip away at his image.

But while that is true, it is also a fact that the prime minister apparently has not yet measured precisely the strength of all the forces at work in Portuguese society so as to get around them instead of colliding with them.

The government continues to have the initiative.

But the collisions are causing dents.

11798

PS' Constancio's Errors Seen Unmitigated by Circumstances

*35420120a Lisbon SEMANARIO in Portuguese
23 Jul 88 p 6*

[Commentary by Jose Miguel Judice: "Constancio's Errors"; first paragraph is SEMANARIO introduction]

[Excerpts] It is currently fashionable to regard Constancio as a weak politician, a so-so leader, and a nonexistent alternative to Cavaco Silva. But the errors of the secretary general of the PS do not include the fact that the prime minister exists and is as he is.

In politics as in everything else, fashions are often the substitute for thinking that is not done. The case of the opposition parties is there to confirm that fact. And it is probably worthwhile to reflect on that after last week's reflections on the government.

While it is not easy to govern with an absolute majority, neither is it easy to be the leader of the main opposition party in such a situation, especially when one is also faced with clear and sometimes poorly disguised hostility on the part of the president of the Republic. And as though that were not enough, this is a period when the

Portuguese are enchanted with the delights of "cohabitation." Those are all attenuating circumstances for Vitor Constancio, but they cannot serve as an excuse to avoid critical analysis.

The fact is that the secretary general of the PS has committed a number of errors during the year that has passed since last 19 July. The first and most important of them was his inability to realize at an early stage that Cavaco Silva was going to fritter away his "state of grace." Because he did not realize it, only now is he implementing a strategy that would have made sense primarily back then. Basically, that strategy boils down to causing Cavaco Silva difficulties with his base of support, not because the PS is beginning to defend the policies desired by Cavaco's voters, but because it is telling them that Cavaco is not satisfying their reasonable expectations.

But a second error has been added to the one I just mentioned. It is that without putting up much of a fight, Vitor Constancio has allowed Torres Couto to stand out for several months as the real leader of opposition to Cavaco and, moreover, as a leader capable of suggesting that he was ready for dialogue and, later, capable of emphasizing that he was "going to war." It is true that one of the privileges enjoyed by governments is that of choosing, within natural limits, the opposition leader who suits them best—or who they think suits them best. Cavaco Silva has clearly chosen Torres Couto, probably under the illusion that the two of them would comanage the country's development as they saw fit. But if that is the case, there is also no longer any doubt that Constancio could have taken the initiative in other areas, something which he manifestly has not done.

There is a third error we can mention, and that is that he has downplayed the importance of constitutional revision at least as much as the prime minister has. In the face of Cavaco's strategy of carrying out the reforms in advance of constitutional revision, Constancio would have been smart to communicate to the country his party's willingness to accelerate revision of the Constitution as an alternative to the solution chosen by the PSD leader. By not doing so, Constancio lost out on a reserve of political prestige that would have been very useful at this point in protecting him from the criticisms which are now being directed at him and which have less to do with errors than with alleged aspects of his personality.

It is in that respect that it can be said that fashions are the rejection of thought. The current fashion has it that Constancio is a weak politician, a so-so leader, and a nonexistent alternative to Cavaco Silva. All the criticism that one hears is concerned especially, I repeat, with that. And in my opinion, it evades the facts and misrepresents the circumstances behind them.

Actually, the key point is that no opposition leader who a year ago received about half as many votes as the winning party (a party headed by a politician who enjoys an excellent image within the country and who is governing during a period of favorable internal and external economic conditions)—no opposition leader in that situation can aspire to great success in the short term even if eminently qualified to succeed.

There is no doubt that Constancio is not yet the equal of Cavaco Silva—not because he has fewer good qualities but especially because his style of political action is more "modern" than the country's level of development will allow. In this he differs from the prime minister, who corresponds perfectly to the nation's medium level of sophistication.

But that lesser degree of adaptation is a limitation which can be perfectly offset in other circumstances, and in particular, one cannot see how any other Socialist leader could do any better, despite the high intellectual and moral level of a handful of leaders, a prominent example being Jaime Gama. As a result, it is a symptom of fashion rather than of basic reality to "justify" Cavaco Silva by reference to Constancio's weakness when the facts require a tempering of that absolute judgment.

No matter how much it displeases his opponents, Cavaco Silva is, with all his defects, an excellent political leader. And although they could have been avoided over the past year, Constancio's errors are not the reason for the success which characterizes the situation from Cavaco Silva's point of view. Constancio could not have prevented Cavaco Silva from being born, but that is not one of his errors, even though some of his opponents within the Socialist Party think it is.

11798

Perestroika, Renovation Advocated in PCP by New Group

*35420118b Lisbon TEMPO in Portuguese
21 Jul 88 p 13*

[Text] TEMPO learned yesterday that Levi Baptista, Manuel Iglesias, Luis Azevedo, and Luis Catarino are among those who will sign a new document challenging the PCP's official line in connection with the upcoming congress.

The document is in the final stage of preparation and, like those issued by the "Six" and the "Third Way," will say that the party's principal attitudes and leaders are obsolete and inadequate. It will advocate systems of renovation and democratization of the "perestroika" type.

As can be seen, most of the advisers behind this initiative are former members and leaders of the MDP [Portuguese Democratic Movement] who have since joined the PCP. (Our source, however, rejects the idea that that is

actually the case with Catarino, for example, although it is certain that while he is not yet a member of Cunhal's party, he is at least working on the same team as the others). And for that matter, they themselves anticipate that their proposal will come to be known correctly as the "Document of the MDP'ers."

The document's backers are challenging the position of the Six, whom they consider excessively aligned with the current "nomenklatura" (of which the latter were a part for a great many years). They also challenge the credibility of the Third Way's leaders, one example being Jose Saramago, who they say threatened not many years ago to resign from the party because of the possibility at the time that the dictatorship of the proletariat was going to be removed from Portuguese Communist ideology.

Naturally, they consider themselves the most legitimate representatives of the winds of "glasnost" blowing in from Moscow, calling attention by way of proof to their record of positive democratic existence in the ranks of the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission]. And they warn of the possibility that the PCP will become an empty shell if the current leadership intransigently continues to cling to its "thrones" and to dictatorial principles. And they point out that the alternatives that have appeared to date are not credible as a means of discouraging that inflexibility or encouraging a massive mobilization of the Communist rank and file. For their part, that is what they intend to achieve.

According to sources close to the group in question, the PCP's "desertification" will run risks as serious as that represented—as the most significant example—by the fact that with some frequency, those soliciting signatures for the document in question encounter alarming situations such as this: they telephone a potential signer and ask him to support their proposal. When he declines, they assume at first that the person they have called is exaggeratedly orthodox in outlook (considering that he did not sign either of the other two documents and is refusing to sign theirs), but they wind up hearing him explain that he has purely and simply left the party or is going to leave it because of his complete lack of belief in any possible path to reformism.

"An extreme possibility is that the majority will indeed make a choice but that instead of choosing one of these critical proposals, it will decide to dissociate itself from the communist cause on the grounds that that cause is lost in any case," emphasized our informant, who still believes there is a path to regeneration in the proposal being presented, although he also painfully acknowledges the possibility that "when you get right down to it, the PCP is simply peeling off its skin and self-destructing like an onion."

11798

SWEDEN

Paper Speculates on Composition of Postelection Cabinets

Carlsson Wants New Faces

36500158 Stockholm SVENSKA DAGBLADET
in Swedish 3 Aug 88 p 8

[Article by Claes-Goran Kjellander: "Carlsson in Search of Charisma and Youth"]

[Text] Even if the voters were to give Ingvar Carlsson and the Social Democrats another mandate in this fall's election, several of the present cabinet members will leave the administration. Essentially, Carlsson took over the administration chosen by Olof Palme. After more than 2 years, the time is ripe for a reorganization of the government.

Administratively, three of the cabinet members will reach retirement age this year: Sten Andersson, Hans Gustafsson, and Gertrud Sigurdson.

Lennart Bodstrom is 60 years old, Kjell-Olof Feldt is 57, Bengt Goransson is 56, Anita Gradin and Thage G. Peterson are 55.

The 45-Year-Olds Are the Youngest

Of the younger cabinet members, only Birgitta Dahl and Georg Andersson came to the cabinet circle by way of a parliamentary career. Bo Holmberg, Sven Hulterstom, and Ingela Thalen were recruited from municipal politics; Roine Carlsson from the trade union movement; Ulf Lonnqvist, Mats Hellstrom, and Bengt K.A. Johansson from committee and administrative ranks; and Bengt Lindqvist from the popular movements. Lena Hjelm-Wallen had a very brief period in Parliament behind her when she became a cabinet member in 1974.

Few of the ministers have strong and continuous involvement in their party districts outside Stockholm: Hans Gustafsson, Sven Hulterstom, Lena Hjelm-Wallen, Georg Andersson, and Birgitta Dahl.

Dahl and Hulterstom today appear to represent political stability in the group of younger cabinet members.

At 45 years of age, Ingela Thalen and Lena Hjelm-Wallen are the youngest of the circle of ministers, the same age as Bengt Westerberg and 6 years older than Carl Bildt.

Signs of Shortcomings

Thus far, the external preconditions are important enough, but not necessarily decisive for the way a government works. Personal competence and charisma can easily compensate for shortcomings in the formal roots.

However, the signs of weakness that have existed during the past mandate period consist of, among other things, the fact that so few of the young cabinet members have created a political profile of their own on the strength of competence and charisma. Succession as regards leadership figures with charismatic qualities has been weak, both in the parliamentary group and in the administration.

Not even the departmental reforms undertaken during the 1980's were entirely successful. The new Ministry of Civil Service Affairs under Bo Holmberg has had difficulties getting anything tangible out of its very ambitious renewal work. That could be due to the fact that changes in attitude take a very long time. The idea of appointing a special sports and youth minister was perhaps correct, but a minister without funds and a concrete area of responsibility lacks both power and opportunities.

Andersson Remains

Which ministers will be leaving, then? Hans Gustafsson is likely to leave over the not quite simple task of solving the housing crisis of the 1990's. Social Minister Gertrud Sigurdson is stepping down. Some of the younger cabinet members will also leave their posts and go on to other duties.

Sten Andersson, on the other hand, will remain as minister of foreign affairs. At present he has no obvious successor, since Pierre Schori failed to acquire the political ties to the party districts that were necessary in order to be able to successfully handle foreign policy.

Peterson After Feldt?

Thage G. Peterson will also stay on. Rumors not emanating from Peterson himself have indicated that he would like to leave the administration. Previously, these rumors did not sound authentic, and are so even less today. If Ingvar Carlsson remains as prime minister, he must keep Thage G. Peterson on in an important post. Peterson also appears to be the natural replacement for the prime minister. Taking care of his succession is, after all, one of the prime minister's most important duties.

Perhaps he will become finance minister? Kjell-Olof Feldt has a long political career behind him, and, in contrast to his predecessors within Social Democracy, he does not regard his work as a lifetime position. He has been pushed very hard in various respects over the last few years, and in all likelihood sees before him the limit, where not even loyalty to the party and the party leader could make him stay.

His closest man, Bengt K.A. Johansson, was left off the Social Democratic parliamentary list, just like Pierre Schori, and is therefore excluded as a successor. His competence is needed but can be used in ways other than at the Ministry of Finance.

Lindqvist Mature Enough To Take Over

After 3 years, Bengt Lindqvist is mature enough to take over Gertrud Sigurdson's place as head of the Ministry of Social Affairs, suitably with a minister of health as an assistant. Here, the Social Democrats have a relatively good supply of competent candidates, such as Gunnar Hofring and Walter Slunge, chairman and association director, respectively, of the Association of County Councils.

The need to tie the movement's political and union branches together has become increasingly clear during the past mandate period. The second chairman of LO [Trade Union Confederation], Rune Molin, previously declined, but could be asked again. The chairman of the Civil Servant Association, Leif Blomberg, is a third. Both of these have the charisma that is otherwise so sparingly represented in Social Democratic administrative circles.

Lindh, Sooner or Later

The parliamentary group has relatively few names to contribute to the list of candidates. The chairman of the Tax Commission, Jan Bergqvist, is one of them.

Two persons who sooner or later will become cabinet members if the Social Democrats retain power are Party Secretary Bo Toresson and the chairman of the youth organization, Anna Lindh. Although nothing indicates that they intend to leave their present positions, a situation could occur in which Ingvar Carlsson finds reason to call them out of the ranks.

Ingvar Carlsson must try to recruit at least one younger candidate. Only four of the present cabinet members are under 50 years of age.

Does Mannheimer Dare?

At this writing it is very unlikely that Anna-Greta Leijon will return as a cabinet member. Should this nevertheless be the case, the task of housing minister seems to be just about right.

But who would dare become minister of justice? That offer might once more go to Soren Mannheimer, attorney for the Metalworkers Union and, until the election, a municipal council member in Goteborg, respected in all political camps. He is said to have earlier declined a government post, but he might rethink.

[Photo captions. Photos not reproduced.]

Steps down. Hans Gustafsson has probably done his duty as housing minister.

Steps down. Gertrud Sigurdson reaches retirement age.

Stays. Sten Andersson remains as minister of foreign affairs.

Stays. Thage G. Peterson is needed on an important post in a Social Democratic administration.

Stays. Bengt Lindqvist is ready to take over as head of a ministry.

Coming? SSU's [Social Democratic Youth Association] Anna Lindh becomes a cabinet member—but perhaps not yet.

Coming? Leif Blomberg has the charisma that is needed.

Coming? Does Soren Mannheimer dare take the post of justice minister?

Coming? Bo Toresson is one of those who sooner or later will become minister.

Nonsocialists' Three-Party Government

36500158 Stockholm *SVENSKA DAGBLADET*
in Swedish 4 Aug 88 p 8

[Article by Claes-Goran Kjellander: "Three Prime Ministers in Nonsocialist Government"]

[Text] For the nonsocialist parties, winning a majority in the fall will mean formation of a three-party government. Fewer than half of the ministers would come from the three-party coalition that departed in 1981.

The election outcome will determine who will become prime minister. There is much to indicate that the three party leaders will form a group with a prime minister and two deputies. Experience argues against the party leaders functioning as heads of important ministries.

Distribution of cabinet seats will be an issue to be negotiated in advance among the parties. Today, politically active persons who might be considered as possibly returning to their former ministries are Ingemar Eliasson as minister of labor, Birgit Friggebo as minister of housing, and Jan-Erik Wikstrom as minister of education.

Time for a Comeback

Nor should it be precluded that persons who left party politics will make a comeback. Hakan Winberg at justice, Nils G. Asling at industry, Ulf Adelsohn at communications, and Staffan Burenstam Linder at commerce are such candidates. Supreme Court Chief Justice Hakan Winberg still enjoys great respect as a jurist and politician. The president of the [National] Business College, Staffan Burenstam Linder, still retains a very strong position both inside and outside his party. Adelsohn is of course leaving the Riksdag, but should naturally be a good minister if he would like to return to his old ministry.

Karin Soder would probably be made a cabinet minister if she so desired. She has experience both as foreign minister and welfare minister.

From the middle-parties government of 1982, Karin Ahrlund, who was then health minister, would surely return.

Few Outside of Riksdag

However, the majority of ministers will take over their jobs without the benefit of previous experience in government work. Only a very few will be recruited from outside the Riksdag, or the political circle close to Riksdag work. The average age would be lower than in the present government, in which all ministers are over 45.

A 10th of the likely nonsocialist-government candidates are over 45. Some of these, for example, are Conservative Party members Carl Bildt, Per Unckel, Bo Lundgren, and Bengt Wittberg; Liberal Party members Bengt Westerberg, Anne Wibbe, and Daniel Tarschys; and Center Party members Lennart Daleus and Per-Ola Ericsson.

If proceeding from the current strength relationship among the parties, according to the SIFO poll, the next prime minister will be Bengt Westerberg or Carl Bildt. The one who will not be prime minister should have great possibilities in influencing decisions on the most significant cabinet posts. Persons with long political experience—for example Margaretha af Ugglas and Lars Tobisson (Conservative Party), or Ingemar Eliasson and Jan-Erik Wikstrom (Liberal Party)—are thus candidates for posts such as foreign minister.

Likewise, the finance ministry will probably be led by a minister from the Conservatives or Liberals. Considering the very great work load, at least two ministers will be needed, a chief and a deputy. Tobisson, Lundgren, and Wibbe are the main candidates. It should be added here that even the state secretary posts in the Finance Ministry have very large significance.

There would surely be many who would like to take on the task of carrying through the nonsocialist family program as welfare minister. Karin Israelsson (Center Party), Tarschys (Liberal), and Gote Jonsson (Conservative) are likely names. Per-Ola Ericsson (Center) and Bengt Wittbom (Conservative) would surely be willing to take the labor ministry. It may be more difficult to find someone to assume the difficult immigration and refugee problems—perhaps Lars Leijonberg (Liberal)?

In education issues, there is more agreement now than was the case at the end of the 1970's, even though the Center Party has gone its own way in some matters.

Wikstrom may return, perhaps together with Par Granstedt (Center). If the Conservatives will release Unckel from his party secretary post, he will also be a possible candidate.

Agriculture or Environment

The Center Party has always occupied the post of agriculture minister, and if that party's first deputy chairman, Karl-Erik Olsson, wants it, it would be hard to deny him. But in that case, the party could hardly place Lennart Daleus or some other candidate as environment minister, a post in which also the Liberal Party and Conservatives have interest. The parties will surely bid high, with the Liberals perhaps offering their first deputy chairman Birgit Friggebo.

Just as the Center Party has traditionally handled agricultural matters, the Conservatives have handled defense. Tobisson is a conceivable candidate, if the party will note how important the post is.

The post as housing minister is going to require much work during the coming election periods. Knut Billing (Conservative), Agne Hansson (Center), and former housing minister Friggebo might be prepared to take on this heavy responsibility.

The industry minister may very well be obtained from outside the Riksdag, for example, the Conservative Party Executive Council member Ulf Laurin.

'Obvious' Name

In addition to those named above, there is a list of persons who must be included in the discussion of government posts. Ingegerd Troedsson is obvious for a cabinet post, if she does not choose to be Riksdag president. Other Conservatives with cabinet ambitions might be Anita Brakenhielm, Ann-Catherine Haglund, Ivar Virgin, and Beatrice Ask.

The Liberal Party is going to place Karin Ahrlund in a government. She would surely accept a post such as justice minister. Likewise, Kerstin Ekman and Hadar Cars may be considered. Within the Center Party might be mentioned Bertil Fiskesjo, Gunilla Andre, Gorel Thurdin, Ulla Tillander, and Borje Hornlund, as well as Party Secretary Ake Pettersson.

Among these might be obtained the ministers for communications and the civil service.

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EUROPEAN AFFAIRS

Greek View of Delays in Rafale Aircraft Program

35210119a Athens AMYNA KAI TEKHNOLOGIA
in Greek May 88 pp 36-37

[Text] The first complaints about the delays in the Rafale Program of Dassault were heard from the French Navy. The planes of its two aircraft carriers, the attack Super Entendard and the American made F-8F (Crusader) used defensively, are not in a position any longer to meet the demands of a modern air/naval war. Both of these aircraft are scheduled to be replaced by the Rafale Maritime (the naval edition of Rafale), but this replacement, however, does not appear likely before the end of the 90's.

An intermediate solution that the Naval Staff was studying, the purchase of a number of American F-18's, was recently rejected by the French government after strong opposition from the Dassault Company. The Navy then began consider the only remaining solution: upgrading the systems of old aircraft, indeed assigning priority to upgrading the Crusaders.

How this upgrading will be achieved and what it will refer to have not been made known in detail.

We can say that such upgrading programs can be achieved without any problems by a French industry that has both the experience and the potential.

The "Grumbling"

The "grumbling" for the delays in the Rafale program began, as was natural, also by the French Military Air Force. The obsolescence of certain of the airplanes comprising the force of Tactical Air Force Headquarters of France also necessitates the search for intermediate solutions until the Rafale aircraft are put into service. The airplanes Jaguar, Mirage III, and Mirage V, must, according to statements of the Chief of the French Air Force General Achile Lerche, be replaced without fail before 1993, at which time most of these would have completed the third decade of their life. Apparently wanting to emphasize the seriousness of the subject, the Chief described the Tactical Air Force Headquarters of the French Air Force, whose purpose for attacking surface targets in enemy territory with conventional and nuclear weapons, as the least armed air force among counterpart air forces in NATO.

Clearly the situation can be considered better in the Air Defense Headquarters, where the modern Mirage 2000s are slowly replacing the old Mirage F-1C. Surely here, problems from whatever delays there are in the Rafale program are of less concern, since the Mirage 2000 is not expected to be replaced before the first decade of the next century is over.

Conversion

The French General Staff is searching for this intermediate solution among three possibilities, according to the best information at this time. The one that seems to have the strongest possibility of acceptance is conversion of the Mirage F-1Cs that are being removed from the Air Defense Units to Fighter/Bomber aircraft. These converted aircraft, to be named Mirage F-1T (Tactical), will include improvements in the Fire Control System for firing modern air to surface missiles and ammunition, as well as modern naval Accuracy Systems to find targets even with limited visibility. This solution is considered to be the most cost effective.

The Cost

The total cost of converting 60 Mirage F-1Cs to F-1Ts has been estimated at close to 1.5 billion French francs on the basis of current prices.

Replacement of the Mirage III and the Mirage V as well as the Jaguar with the new Mirage 2000 is also one of the solutions being examined, but does not appear to have much chance of being chosen because of the great expense involved. The idea was to order 60 Mirage 2000 N (Nuclear) aircraft in a modification where instead of missiles with nuclear warheads, it would carry conventional missiles and ammunition.

The main difference lies in the replacement of the very expensive Radar Antilope carried by the nuclear attack airplane Mirage 2000 N with another radar, very possibly an improved version or the same Radar RDM as the Mirage 2000, carried by our military air force.

It will be able to carry Stand-Off missiles (launched from a distance) with conventional warheads. Finally, it does not appear that there are any possibilities for upgrading the Jaguar. This proposal would provide for the installation of a fire control and navigation system for flying missions in any kind of weather. The "fixing", however, of a technologically obsolete, limited performance airplane such as the Jaguar, should be considered neither cost effective nor could it be proven operationally viable. From now until 1993 is a critical time for the French Tactical Air Force. The present decision on what the intermediate solution will be until the Rafale becomes operational and can be included in the military units of these forces, will play a definitive role.

09346/7310

Greek General Details View on Fighter Aircraft of Future

35210119b Athens AMYNA KAI TEKHNOLOGIA
in Greek May 88 pp 22-23

[Article by Retired Air Force Lieutenant General Ioannis Marinakis: "European Lack of Agreement on Fighter Aircraft of the Future"]

[Text] Efforts of the European countries to develop their own fighter aircraft for the next generation are going through a critical and decisively important time.

The countries of the Consortium (England, Germany, Italy, Spain) are going along their merry way not being able to overcome certain critical problems leading the EFA [European Fighter Aircraft] to one delay after another. An writer for the American periodical AVIATION WEEK AND SPACE TECHNOLOGY believes that these delays dynamically affect the program to the point where they make its progress doubtful.

Surely matters have not yet reached the dimensions seen by the American writer. However, review of the program budget by West Germany and statements attributed to the minister of Defense, Manfred Woerner, that if all partners do not make efforts to reduce research and development expenses, Germany will be compelled to seek an alternative solution, influence the climate and of course, cause new delays.

The Germany that, according to JANES DEFENSE WEEKLY, participates in the research and development expense coming to 7.3 billion marks, appears to have decided to cut credit by 2.3 billion marks. The office, however, that administers the program in which the governments of four countries are participating, stated that the reduction in the expenses for research and development will lead to compromises on the performance of the EFA. The performance of the EFA, however, is so limited for the missions it will be called upon to do, that any further reductions are not permissible.

Companies engaged in this common effort confront these delays with great displeasure. They see that the time elements for the various phases of the program are unstable and their schedule is changed more often than not.

The 1995 deadline for delivery of the first aircraft to users can no longer be met. If matters clear up soon and the EFA program enters into full scale development in 1988, manufacturers will be in a position to deliver the first operational aircraft in 1998, a delay of 3 years. In complaining, these companies maintain that every new delay imperils the program even further. The voice of British Aerospace [BAe], having supported the EAP [Experimental Aircraft Program] through its own capital, is very loud. Britain's Minister of Defense personally sent a letter to Mr Woerner emphasizing the risks of delaying the full scale development phase program and asked that the review process be sped up.

The German Minister of Defense, Manfred Woerner who ordered the budget review, is said to have stated that the situation will be cleared up before he takes over as General Secretary of NATO. Many, however, realizing the difficulties involved, believe that the matter will have be assumed by Mr Woerner's successor in the German Ministry of Defense.

Those complaining about the delays, however, appear to be the air force heads of the countries participating in EFA and especially the chiefs of the British and German

Air Forces. Pressures from these officials have compelled the governments of the countries to accept an evaluation of alternative solutions that concern mostly American aircraft, something that makes it even more unpleasant for companies of the common project.

That is one side of the coin, if we consider the entire European effort to be a coin. On the other side, France, the country with a highly advanced space industry, played an important role from the very beginning in uniting the five European countries for the development and production of the Future European Fighter Aircraft [FEFA], the original name of the program. That country's departure from the consortium after a two-year participation was the source of much comment and criticism to the point of not only holding France responsible for undermining the program, but also accusing it of trying to get Spain to join the French Rafale program which at that time was entering its definition phase.

Dassault Company methodically promoted the Rafale program, investing capital and ambition. The first and only experimental Rafale made its first public appearance with the also first and only experimental EAP of British Aerospace at the Farbureau demonstration airfield in September 1986.

The course of the Rafale program was and continues to be just as difficult as the course of the EFA.

The cost of developing the program, estimated by experts at 50 billion francs, as well as the fear of dividing the cost over a small number of aircraft, resulting in an excessively high cost per aircraft, prevented the French government for a long time from proceeding with the program. This approval came in June 1987, from the lips of prime minister Jacques Chirac during his festive speech at the formal dinner at the Bourget demonstration airfield and made the news the most important occurrence fact of this international event.

The decision for full scale development of Rafale was made definite the week after the conference of the authorized officials under prime minister Chirac. The contract that will be signed this month between the Dassault Co. and the French War Industry Service will initially finance the production of two developmental prototypes, one with the specifications of the French Navy (to operate from an aircraft carrier) and one with specifications from the French Air Force. During a later stage three more developmental prototypes will be manufactured to complete the five that are necessary for this phase.

This decision ends the uncertainties for the Rafale program for the present. In this the program takes the lead in timing, since the phase of uncertainty for the other European program has not ended. This decision, however, has another element of significance. It ended the efforts of the American company Macdonnell Douglas to sell F/A-18 aircraft to the French Navy as an

intermediate solution until the Rafale aircraft went into production. This idea, as it was natural, was intensely opposed by the Dassault company, since it saw it as an effort against the Rafale program.

While the road to expedite the Rafale program may have been widened by Chirac's decision, the serious problems that accompany this program continue to exist. The cost of the aircraft that are being produced by Dassault is dramatically high if the only clients are the French Armed Forces. The number of aircraft that will be produced in such a case is estimated to be more than 400, which, in addition to the production cost, will share the 50 billion French francs that were spent on research and development. At this point, the Rafale program, in comparison with the EFA program, is at a disadvantage since the latter "from the very start" has secured a market of four countries in the community that will absorb more than 1,000 aircraft. This number logically should lead to a lower cost for the aircraft produced by the EFA program than for the Rafale program.

France should be looking for partners in the Rafale program. Her efforts to attract European companies started immediately after she left the EFA program, within exclusively governmental limits, without any results until now.

The recent decision of the french prime minister to advance the program improves the climate and establishes a favorable environment for discussion of the matter. The article writer for Aviation Week wrote that the framework is ready. The organization of a new European Consortium under the sponsorship of the Rafale program is ready on paper and is waiting for partners. Who they will be and under what terms remains unknown. We are afraid that without partners and better still without dynamic partners, the Rafale program will be sentenced to dangerous straits without precluding the perhaps small eventuality that it will be completely abandoned like the previous Mirage-4000 program.

The partners of the other Consortium continue to believe in a union of the EFA and Rafale programs into one program. While Mr Woerner was in Paris to honor the 25th anniversary of the signing of the French-German treaty for bilateral cooperation, he stated that he still maintains the conviction that there will be cooperation between the companies of the EFA and France with the Rafale program to form a single European program. Time will tell whether things will develop that way. We sincerely hope for such cooperation, which we believe may effectively help the European Fighter Aircraft of the future overcome the problems of the present two programs.

Such a solution, that unfortunately does not appear to have many chances for success, would help other European countries also, including Greece, make a European selection easier. European aircraft as they will be offered

to the European customers are not behind American counterparts in performance and technology. European technology, led by the French, can guarantee this. The provocation the American planes will bring with them is, as usual, lower cost. Union of European efforts will reduce the difference. With two separate programs, the cost of European aircraft will remain forbiddingly high and the American colossus will not let that opportunity pass.

09346/7310

DENMARK

Norwegian Security Expert Criticizes Declining Defense Effort

Contrasts With Norway, FRG

36130068 Copenhagen BERLINGSKE TIDENDE
in Danish 22 May 88 p 13

[Guest commentary by Arne Olav Brundtland: "Why Denmark Has Lost Credibility in NATO"]

[Text] "It is no exaggeration to say that Denmark has lost respect and credibility in NATO. I believe the main reason is because Denmark has such a low defense budget. One feels that Denmark is not paying a reasonable share," Arne Olav Brundtland, an internationally recognized researcher at the Norwegian Foreign Policy Institute, writes. Here Brundtland reviews the difference between Danish and Norwegian security policy and expresses the hope that the two countries can support each other better in international security policy. "But I think first of all that Denmark must follow a policy parallel to Norway's."

Danish security and defense policy has significance for Norway. Danish land, air, and sea territory, including sounds and belts, must have a reasonable security cover if Norway's security and defense policy is to be carried out along traditional lines with the priority defense of northern Norway.

Just how this is to be done must remain a secondary question. But it is for Denmark to conduct a security and defense policy that is considered reasonably credible and that Denmark can answer for.

Denmark's military strategic location as a small, flat land without natural defense possibilities and with the strategically important exit from the Baltic Sea has given meaning to the well-known saying about Danish defense: "What good is it?" To be sure, the original was, "What good is it if Denmark cannot gain any great power alliance?" But the last part is often forgotten. The fact is, of course, that Denmark no longer has a strong Germany in the south as a possible enemy, and it has an alliance with a great power.

Denmark's defense solutions are quite different from those of Norway. Denmark has chosen to depend upon an army that is to a great extent professional, with relatively low mobilization. Norway, for example, mobilizes more than twice as many as Denmark, even if Denmark has more than a 20 percent larger population. Danish defense expenditures are on the order of 13 billion kroner, while Norway spends 18 billion kroner.

The Danes contribute less to defense, but what they contribute has greater professionalism. This applies to the Army and the Air Force, but not to the Navy. Denmark performs its role in NATO's forward defense by planning forward cooperation with West German forces in Schleswig-Holstein. Norway performs its role in the same defense by maintaining the main part of its combat forces in Troms. Between the brigade in northern Norway and the Norwegian-Soviet border there is a bit of geography that is at least as large as all of Denmark.

In Norway we can imagine ourselves having to take up the defense struggle alone during the first days, or perhaps weeks, if the warning of an attack is not understood and base policy changed before the outbreak of hostilities. In Denmark, Germany's naval and air forces stand so to speak ready to defend Denmark just as quickly as the Danes themselves do.

In Norway one can—even though with ever diminishing probability—imagine an isolated attack on Norway. In Denmark this is almost unthinkable. Norwegian defense has clear tasks, and Norwegian defense policy has developed an identifiable individual role, which probably has a motivating effect on the Norwegian will to defend. Denmark is so joined to Germany that the idea has taken hold that war against Denmark is just a part of a larger war. In Norway one can imagine that our allies may come too late. In Denmark this is not an important problem.

Norway cannot, like Denmark, conduct a sort of parasitic defense policy, because it is believed that Denmark will in all circumstances be defended by its allies because there is such a strong allied interest in defending Denmark.

If we are to look at the matter purely from a defense point of view, it is much less important to Norway whether Denmark or the FRG defends Denmark. The tendency in the past 10-15 years has been for West Germany to strengthen its Baltic Sea and exit defenses, while Denmark has reduced its defense efforts. The results for defense are not so bad. The western part of the Baltic Sea and the exits are quite well defended.

But the security policy effect of a reduced Danish defense is something else. It is no exaggeration to say that Denmark is losing respect and credibility in NATO. I think this is mainly because Denmark has such a low defense budget. One feels that Denmark is not paying a reasonable part of the whole.

And then there is Danish politics. Prime Minister Poul Schluter has ignored 22 security policy resolutions from the so-called alternative foreign policy majority in the Folketing. For the most part they have had to do with large security policy questions of general significance for strategy and disarmament.

The most damaging thing as far as Schluter's government's ability to swallow security policy defeats in the Folketing is concerned seems to have been that no one has really known what the government's position on security policy is. To some extent, Schluter has been hunkering down. He has not been able to conduct a solid and clear foreign policy. The alternative would have been to state his position earlier, but Schluter has of course chosen to put priority on economic policy where he has had the support of a Folketing majority.

During the present election campaign, which was started by the 23rd resolution demanding letters to visiting ship captains stating that nuclear weapons cannot be brought in on visits to Danish harbors, the Social Democratic chairman, Svend Auken, accused the government—with some justification—of having sabotaged the Folketing's resolutions. In Auken's opinion it would have been possible to gain a larger hearing for the Folketing's majority resolutions in NATO if the government had supported them. Perhaps Svend Auken has a little point there.

But in the present situation, Schluter has chosen to put on the brakes with the statement that now it is a matter of Denmark's direct security policy interests. It concerns common maneuvers, and it concerns the credibility of reinforcement agreements. The limit has been reached.

In my opinion, Norwegian ship visit policy was used as a club in the Danish election campaign in a rather inaccurate way. Poul Schluter said that he should have received permission from the Social Democrats to adjust things as reasonably as the Labor Party government has done in Norway, while Svend Auken said that the Social Democratic ship visit policy after the 23rd resolution is the same as the Norwegian entry policy, just a little clearer. Neither one is completely right, if we look accurately at the Norwegian policy.

We have the famous Bratteli declaration, which, seen metaphorically, stands on two legs. The one explains the legal relationship between nuclear storage policy and ship visit policy and provides that concerning the nuclear storage policy there is nothing legally wrong in bringing nuclear weapons into Norwegian harbors. But the other leg of the declaration, the most important one, is that for so-called other reasons nuclear weapons shall not be brought in on ordinary visits to Norwegian harbors, and that our allies and other nuclear powers be informed about this.

And then there is the matter of making the policy known. Norway has not communicated the ship visit policy in any formal way to the nuclear powers, but there has been so much talk about it that one considers it known. It has also been translated into English, and seminars have been held.

Schluter imagined that Danish ship visit policy could, according to the Bratteli model, be made known by a diplomatic circular. With this he indicated that he wanted to go farther to the left than Norway.

The majority also wants the ban against nuclear weapons made known in explicit language to incoming ship captains. Schluter wants to follow the Norwegian practice by informing the ship captains that the visit will take place in accordance with Danish policy or Danish rules. Nuclear weapons would not be mentioned, just as the words, nuclear weapons, do not appear in the letters of clearance on visits to Norwegian harbors.

A major point is that our allies do not want letters of clearance that make it necessary for them to make a reply so that violates their own policy of neither confirming nor denying the presence of nuclear weapons on board. One lives a shadowy existence. The Danish Folketing majority wants to drive out the shadows, and the possibility that Denmark will not receive a visit from allied ships with nuclear weapons will increase.

The first problem is that the nuclear powers (with a possible exception of the Soviet Union) have decided neither to confirm nor deny, and they will not agree to have this demanded of them. New Zealand received no visit after having declared that New Zealand itself would decide whether nuclear weapons were on board or not and issue an entry permit accordingly. The U.S. would not agree to such checking. In addition, New Zealand also has a ban on visits by ships with nuclear propulsion. This covers the greater part of the U.S. Navy's large ships, those that can operate in the open sea and that are the strongest candidates to visit far away countries overseas.

There could be a certain contagious effect in American policy if it were to change from country to country. The break with New Zealand was, among other things, justified on the possibility of a spread. Japan, which follows a Norwegian policy, would certainly be tempted to try the New Zealand line if the U.S. had agreed to it. And there are other countries.

The U.S. has the power to make certain conditions. The Social Democrats have said that Denmark can decide for itself. This is indisputable. But one must obviously add that other countries can, too. In an alliance one must consider one another if the defense union is to function. The Norwegian practice seem to be completely accepted by the U.S.

The next problem concerns the U.S.'s general policy. It is easy to see the wisdom of not saying what weapons are found where, even if one can imagine security policy statements with greater precision on arms. But the American policy does not necessarily represent immutable wisdom. One can imagine that it might be changed, for example, in connection with far-reaching disarmament agreements between the super powers, so that, for example, certain ships are clearly defined as nonnuclear or that certain nuclear weapons are not put on ships, or are taken from ships respectively.

And now to the present contagious effect. The Danes have tried to use Norway as martyrs for various policy lines. The government has chosen not to interfere much in Danish election campaigns. But the Danish Folketing elections have brought about a majority for the 23rd resolution, even if it is a thin majority. We do not know the result of the government's discussions. But the Folketing majority's ship visit resolution is there, nevertheless, and the problem must be solved. I agree with those who have said that Denmark cannot live with its internal security policy struggle.

The main points in Norwegian security policy are supported by a broad majority. The government also has a majority in most points of current security policy, even if there is criticism from Conservative and Progressive Party representatives.

Now and then a conflict flares up, often in yearly communal congresses in the Labor Party, but the Bratteli declaration is defended and upheld.

Progress for Danish viewpoints in ship visit policy after the Folketing's resolution will naturally be noticed in Norway, too. If Denmark effectively changes its policy, Norwegian politicians will feel pressure to change Norwegian ship visit policy as well. Personally it is hard for me to see how one can reach a new compromise with the U.S. on ship visit policy. But what the U.S. can live with, as an ally, mind you, Norway can certainly live with, too.

In Danish security policy there is much struggle among the parties. There are special historical reasons for this and a long tradition. Norwegian security policy is much more clearly put beyond party boundaries, even if we, too, have had our democratic tiffs, not the least 1982-84, when the double decision was put into effect.

But just the same I do not think that we should automatically write off the disarmament and tension relaxing idealism of the Danish politicians. I think myself that it is quite logical for a small country to seek disarmament and relaxation of tensions, but on a responsible security policy basis.

Particularly the Danish left wing seems to be concerned with wanting to be a sort of avant garde for relaxation of tensions. The realism of what they are attempting can be doubted, particularly in the light of the difficulties they are creating in NATO.

In my opinion it would be an advantage if Denmark and Norway could support each other better in international security policy. But above all I think that Denmark should follow a policy parallel to Norway's. As things are now, we may say a bit pointedly: The Danish Conservatives are on line with Norwegian Labor Party, while the Danish Social Democrats are about where the Labor Party's farthest left wing is. Denmark needs a reestablishment of security policy unity between at least the Social Democratic, the Liberal, and the Conservative parties. The Radical Liberal Party is perhaps too strongly opposed, while the Progressive Party is of course quite divided.

But developments in recent years have shown that it is much easier to wish for a consensus in Danish security policy than to get one.

Lasse Budtz Disputes Conclusions
36130068 Copenhagen BERLINGSKE TIDENDE
in Danish 29 May 88 p 16

[Guest Commentary by Lasse Budtz, former MF, chairman of the Social Democratic Foreign and Security Policy Committee: "He Is Not A Social Democrat!"]

[Text] It was a very honest and balanced article that the Norwegian foreign and security policy researcher Arne Olav Brundtland wrote in BERLINGSKE TIDENDE last Sunday. And the Social Democratic Party in Denmark can at any rate agree with the most important thing in his conclusion: It would be advantageous if Denmark and Norway could support each other better in international security policy.

When the late Knut Frydenlund was the Norwegian Social Democratic foreign minister, he received warm support from the Danish party when he announced that he wanted to get the NATO top strategists to discuss the question of the first use of nuclear weapons. Frydenlund thought that after such a discussion it would be easier to discuss a Nordic nuclear weapons free zone with the NATO countries. And Frydenlund's successor, Thorvald Stoltenberg, has often said that in spite of everything it has become easier than before to discuss the zone problem in NATO. But—regrettably—the discussion of strategies has never come about.

The main reason is surely that the Norwegian and the Danish parties have completely different starting points for a security party effort. In Denmark the Social Democrats have been able to conduct an active security policy as a part of foreign policy on the basis of a permanent

so-called alternative majority, which of course also continues after the election. We have achieved unanimous backing for this policy in our congresses, and we will achieve it again in September.

In Norway only in special situations has one been able to find a security policy majority of the same type, for example, in favor of the zone, because the Labor Party does not itself have a majority. Individual members of the Christian Party and of the Center Party have been able to support the zone idea, but their seats cannot be used, because this would break up the cooperation between the nonsocialist parties.

Brundtland can nevertheless correctly say that there is wide unity on Norwegian security policy, but this is of course because there is no majority as in the Danish parliament for the active security policy that the Social Democratic Party is striving for in the hope of strengthening the efforts for relaxation of tensions. If the Labor Party should one day win back its old strength, the situation would possibly be different, even though this is obviously not certain.

Happily, agreement between the Danish and the Norwegian parties is the rule and not the exception, and the difference in the position on ship visits of foreign and naval vessels is small. Our position is a bit clearer than the Norwegian one.

For these reasons I am a little shocked to read that Brundtland thinks that the Danish Conservatives are on line with the Norwegian Social Democrats. Either he does not know what the Danish Conservatives and Liberals stand for, or the Norwegian Labor Party has gone over to the right. From a security policy point of view. And this certainly cannot be correct.

In the light of this, it is perhaps not so remarkable that there are viewpoints in Brundtland's article that I cannot accept. I cannot, for example, imagine an isolated attack on Norway. I am very surprised that Brundtland can—in a situation in which everyone understands the consequences, precisely in recent developments, of an increased concentration, political and military, in the northern seas.

It may well be that Denmark "is losing respect and credibility in NATO." But with whom? With Thatcher and Kohl and Reagan? Yes, probably. But the conservative position on relaxation of tensions and disarmament is of course undeniably different from that of the Social Democrats. (Yes, I am also aware of the French socialist position.) It should surely not be a surprise for us that those who think differently politically have a different idea about security policy from us. We also view the threat and the possibilities of disarmament and relaxation of tensions in a different way from the rightist parties.

"Norwegian security policy is much more clearly put beyond party boundaries" (than Denmark's) Brundtland writes. Agreed. It would be wonderful if the same situation could be created—or recreated—in Denmark. But in my opinion it must not be done at any price. If, for example, it meant that the Social Democratic Party should relinquish the demand for an attempt to establish the North as a nuclear weapons free zone, I would advise against it.

Finally, if I should say anything a little sharper to Brundtland, it would be that he is a conventional thinker and dogmatic and to too great an extent caught up in the international NATO milieu. One does not have to be this, even if one is a NATO supporter.

But actually I really don't want to say anything sharp, because in many ways I am a great admirer of the Norwegian Labor Party, which stands in an unbelievably difficult situation. Naturally this is a matter of indifference to Brundtland. He is not a Social Democrat.

09124

GREECE

Difficulties Seen in Mirage Aircraft Offsets Program

35210117c Athens AMYNA KAI TEKHNOLOGIA
in Greek May 88 pp 42-43

[Text] On 21 Mar 88, our ambassador to Paris, Mr Stathis Mitsopoulos, received the first Mirage 2000 aircraft of the 40 that were purchased by the Greek government from the President of the Board and the Managing Board Member of the Dassault Breguet Company.

The celebration of the delivery was made at the Merignac airfield, near Bordeaux, at the hangar where final assembly of the Mirage 2000 takes place. The same hangar where since 1950 more than 3,200 fighter aircraft, mostly Mystere and Mirage of various types, have been assembled as well as about 800 transport aircraft of the Mystere 20 and Falcon series.

One would say that the atmosphere was heavy only because of offsets. Of course, this heaviness began in the Greek newspapers that collectively accused the French side for lack of faith, breaking promises, and even for fraud against the Greek government on the subject of offsets. Whether these publications were correct or not and to what extent is a subject that will not concern us in this description. Some kind of tendency for counterattack was expressed later by the French press (we wonder who could have been responsible?) where an effort is made to put the responsibilities for the bad progress of the offsets on the bad organization on the Greek side.

Mr S. Dassault's intention to create a climate of confidence that the companies will honor all of their obligations was obvious in his speech. He said that the Offsets are already on the road to materialization. "fifty percent of the obligations of the first 3 year period for offsets have already been covered and 18 more months are left from the date assigned by the Board" (Mr Dassault includes the 12 months grace period that accompanies the end of the first 3-year period, 20 July 1988, during which the companies may cover their unfulfilled promises with no repercussions).

Problems

During his brief conference with reporters, Mr Dassault gave a few more details on this hot subject. Referring to the production program of certain parts of the Mirage 2000 by the Greek Industry, he admitted certain problems are caused by the smaller number of Mirage 2000's that will finally be sold. He added, however, that Dassault will give the Greek Airplane Industry sections of the Falcon aircraft (personnel transport aircraft, usually used by governments and companies) for which the orders and the projections are encouraging.

Also mentioned during the discussion was the Greek/French Society for the Promotion of Greek Products that Dassault established to promote the Offset obligation of Category III (Exports, Tourism, Investments, et al.). Dassault and the other two companies that form the "seller" of the Mirage 2000, Snecma and Thomson CSF, have pinned much hope on this Society that already has noted its first success in tourism.

9346/12223

Pyrkal Productivity Low, 1987 Deficit High

35210117a Athens I KATHIMERINI in Greek
29 Jun 88 p 11

[Text] 1987 came ended with a loss of over 5 billion drachmae for Pyrkal, an expected result, since the government continues to procrastinate on the solutions for the long continuing problems of the company.

According to its 1987 public records, the main reasons that led the company to this significant loss are the following:

The vertical drop of its sales, mainly due to the lack of orders from the Armed Forces.

The very high, special and unforeseen expenses that come to 3.1 billion drachmae of which 2.3 billion covers foreign exchange differences and demands. It is noted that a large percentage of the demands of Pyrkal is covered in dollars (that showed a drop), while its loan obligations in an equally significant sum are covered by yen (that has gone up).

Last year it was not possible to sell, not even to the Armed Forces, new company products that have a larger margin for profit (bomb carriers etc.).

Regarding the productive operation of the company, the records mention that:

The productive activity of its factories in 1987 was around the small percentage of 50 percent.

Payroll still represents a large percentage in relation to the produced products. The ratio of labor costs to the cost of finished products usually ranges between 40 percent and 50 percent. If this were true in Pyrkal in 1987, the cost of labor should have been 3.1 to 3.9 billion. Instead of this, the labor cost reached 4.8 billion.

9346/12223

Reasons for EAV Chairman's Resignation
35210117b Athens I KATHIMERINI in Greek
24 Jun 88 p 3

[Text] According to information received, the resignation of the president of the EAV [Greek Defense Industry], Professor Mr Pan. Fotilas, is due to difficulties in cooperating with the political leadership of the ministry of National Defense, and especially with the one truly in power, the substitute minister Mr St. Giotas.

It is noted that the announcement of the ministry does not address the reasons for Mr Fotilas' resignation. In a communication with reporters by phone, he stated that he resigned for personal reasons. According to the same information, there were also differences between Mr Fotilas and the GEN [General Staff of the Air Force] on programs whose progress had been significantly delayed.

9346/12223

NORWAY

Maj Gen Alf Roar Berg Named Military Intelligence Head
36390081b Oslo AFTENPOSTEN in Norwegian
19 Jul 88 p 3

[Article by Liv Hegna: "Profile of the Day: Open 'Hush-Hush' Head?"]

[Text] On Monday, 1 August, Major General Alf Roar Berg will sit in the boss's chair of the intelligence department at the Armed Forces' general headquarters for the first time. He replaces Rear Admiral Egil Eikanger, who has become the defense attache in Washington.

Eikanger was the post-war head of military intelligence who was the most willing to appear before the mass media and lift the veil the tiniest bit on the most secret of the Armed Forces' secrets. Maj Gen Berg will now carry

on. As Eikanger's close associate for several years, Berg is well informed and has the best qualifications to pursue his predecessor's intentions.

Air Force

Alf Roar Berg's background is in the air force artillery. He attended the Army War College, that being the required academic route for air force artillery officers in those days. Later Berg concentrated on the air force in major parts of the country. He spent a few years as a civilian with the Defense Ministry. There he worked in personnel.

Maj Gen Berg attended the NATO Defense College in Rome.

"A passionate collector." This is how Alf Roar Berg is characterized by those who know him. He himself considers this quality as somewhat of a scourge: Stamps, wine labels and "all sorts of strange things" pile up in the bungalow in Smestad he lives in with his wife and their cat. "But, but," he told AFTENPOSTEN, "a man's got to have something to enjoy when he retires."

Replying to the question of how he sees the Soviets, Berg said they are an interesting breed, not always easy to know. "We prefer to look at them with Western eyes. The danger of overestimating or underestimating them is always there."

"Which nation in the NATO class is the smartest when it comes to intelligence?"

"I pass!"

Well Shod

Maj Gen Berg smiles. He knows that the organization he will take over is a good one and that it is well shod for its mission. But he concedes that those nations with the most resources also find it possible to do the best intelligence work.

Maj Gen Berg shares Defense Minister Jorgen Holst's conviction that all disarmament initiatives from Moscow should be taken seriously. "If we end up in a situation in which we always react suspiciously, nothing positive will happen either."

Of the Armed Forces' future Alf Roar Berg says that much depends on the outcome of discussions of the Long-Term Plan. The challenges are described in the plan. The tasks are big ones, not the least for the branch of the Armed Forces he will now run himself.

12789/7310

Military, Political Chiefs Concerned About Finnmark Depopulation

Oil Reserves Increase Significance

36390081a Oslo AFTENPOSTEN in Norwegian
18 Jul 88 p 3

[Article by Arve M. Bakken: "Depopulation in North a Threat to Defense"]

[Text] "Norwegian politicians often forget the security policy perspective when they discuss the crisis in Finnmark." So said Karl Eirik Schjott Pedersen (Labor), Storting member from Finnmark. "The northern area perspective is considered in foreign policy debate. What the crisis in Finnmark and the depopulation of the county signify in the context of defense policy is not taken into sufficient consideration when domestic policy is debated," he said.

Schjott Pedersen believes it is important to develop a greater understanding of the importance of the northern areas for the way domestic policy is made. There are several reasons for this. The northern areas have received a good deal of international attention. Increased Soviet activity on the northern flank may intensify as disarmament proceeds on the Continent. This will have to lead to an expanded presence by the NATO alliance in the north.

At the press conference following the NATO meeting in Madrid last month, NATO's former general secretary, Lord Carrington, referred to Foreign Minister Thorvald Stoltenberg's statement and said that a country like Norway has an extra responsibility, for example, in northern Norway, to prevent depopulation. He also stated that measures taken in this regard do not come out of the defense budget but are in fact closely tied to security policy.

"By saying this, NATO's general secretary made clear how important a stable population in Finnmark is for the NATO alliance and that the Norwegian effort to maintain this population must be taken into consideration when discussing the division of labor within the alliance," Schjott Pedersen said.

Together with General Vigleik Eide, the chief of the Armed Forces, he expressed deep concern that depopulation will weaken our defenses.

Oil Deposits

Experts believe the Barents Sea has the world's largest untapped petroleum deposits.

"This is of interest to Norway, and to the Soviet Union which wants to tap these resources to earn hard currency. An expected drop in Soviet oil production will lead to a major and growing interest on the part of the Soviet Union in tapping northern resources. Just as Norway,

the Soviet Union is very interested in seeing trade between Norway and the Soviet Union increase. So it is important to see what the basis for our current policy for maintaining the population in Finnmark is."

"It is a stated objective to initiate measures to encourage settlement in the county. And an objective has been approved to encourage petroleum-related activity in North Norway which would have ripple effect local policy consequences for the region. But the northern areas as they fit into security and resource policy have not entered debate with the seriousness due them."

"A decline in the population of Finnmark has obvious consequences for preparedness in a war or crisis situation and will eventually mean it will be harder to carry out a mobilization in Finnmark," Schjott Pedersen said.

Total Policy

"This situation is made worse by the fact that it is the people with the greatest resources who are moving away. This weakens the county's capacity to develop an extensive economic life and to offer services the Armed Forces need, something of which the authorities ought to be aware, and the Armed Forces too, when they think about streamlining and cost-cutting. Our presence in Finnmark is weakened when the Armed Forces replace control warning stations with unmanned warning stations. At a time when an expanded naval presence is desirable, they've also taken away the only permanently stationed naval ship in Finnmark which was based at Vadso," he said.

Next to the local policy aspect, Schjott Pedersen emphasized the security policy basis for encouraging settlement in Finnmark.

"We now need a total northern Norway policy in which greater weight will be given to the problems of the northern area when domestic policy is debated. Measures to support settlement in Finnmark must be introduced in a wide range of areas. The negative change in Finnmark is a serious one for the country. For this reason, measures must be introduced to strengthen business and trade and social welfare benefits," Schjott Pedersen said.

He believes fishing is important in this context. "At present, Finnmark sees that resources are out in the Barents Sea. As the supply of raw materials declines, the market for fish will also decline. This means that fishermen who thus far have managed to protect themselves from creditors for number of years are now going under. If we are to guarantee future settlement in Finnmark, major sums of money must be poured into the county."

"The crisis Finnmark is now experiencing is the biggest local political problem Norway has seen in recent years. The measures which are introduced in the county must therefore be proportioned with this in mind."

"Business and trade and fishing must receive reasonable support so they will be able to look after the county's resources in a way which will turn Finnmark into a solid Norwegian base on the northern flank," said member of Storting Karl Eirik Schjott Pedersen.

Center, Conservative Parties Worried

36390081a Oslo AFTENPOSTEN in Norwegian
21 Jul 88 p 2

[Article: "Depopulation Weakens Defenses"]

[Text] The head of the Armed Forces, Gen Vigleik Eide, is being widely supported for having emphasized the security policy consequences of the depopulation of Finnmark. Much significance will be attached to the country's defenses in crisis plans the government is now working on.

Late yesterday, Johan J. Jakobsen, the head of the Center Party, emphasized the significance a stable population has for both preparedness and the exercise of sovereignty in the north. In connection with discussion of the new long-term plan for the Armed Forces, the Center Party will ask the government to assess what the consequences would be if the population base in North Norway continued to erode.

Earlier the Conservative Party had emphasized the same issue. This is one problem which is only alluded to in the long-term plan. For his part, the head of the Armed Forces stressed that the challenge we face in the north calls for an increase in the population in our northernmost county.

The head of the Armed Forces' fear is based, among other things, on new French satellite photographs revealing that the bases in the Murmansk area are far bigger than previously supposed. From this it follows that nuclear disarmament will mean that the relationship between conventional forces will have to be accorded even greater significance than before.

NATO's northern flank also becomes more exposed as a result. The extent to which those politicians who are now involved in this issue will factor that decisive significance in when it comes to determining the size of defense budgets in the years to come is, however, an open question.

For that matter, it is certain that prominent Norwegian politicians, just as our allies, will attach major significance to settlement in the north when they assess the security policy situation.

Women's Role in Armed Forces Still Minor

36390081c Oslo AFTENPOSTEN in Norwegian
14 Jul 88 p 3

[Article by Liv Hegna: "Profile of the Day: Captain of the Women's Team"]

[Text] In a few days Capt Britt Brestrup will set off with 100 other women and 1,000 men from Norway on the Nijmegen march, an annual endurance test. She is the only captain on the Norwegian team, the only woman captain at any rate. Britt Brestrup sees light on the horizon in the fact that the distaff side represents only 10 percent of those on the Nijmegen march. She has major goals for the line of work she does every day: As an Army inspector, she does not intend to give in until the percentage of women in the Armed Forces has reached 20. Only then will women stop feeling themselves to be a minority group. This is supported by a number of studies from the U.S. To an outsider her goals may seem to be a bit ambitious: Today there are only 300 women, or 2.5 percent, on the Army's military staff.

Capt Brestrup is aware that a number of adjustments will have to be made to make women's service in the Armed Forces similar to that of men, this despite or maybe even because of the defense minister's equality program: In particular, it is attitudes which must be changed, perhaps among female as well as male officers.

The notion of colleagues in uniform being equal is catching on, Britt Brestrup believes, but adds that some people still need more time than other to comprehend that "something" is happening to and with women's presence in the Armed Forces.

Unions

Are the unions within the Armed Forces doing enough for women? As women get more involved in the union issue, progress will be made in this area as well.

Britt Brestrup believes women have a good deal to contribute to the Armed Forces generally. And for their part the Armed Forces have an abundance of training possibilities to offer interested women. She is also in favor of compulsory military service for women. She emphasizes that compulsory military service should not be considered a new duty for women in addition to care functions and looking after children.

Sports-Minded

For her life style, Britt Brestrup has chosen a women's collective with other women who are interested in the military. All are sports-minded. They practice slaloming in the winter and swimming in the summer. Furthermore, Britt Brestrup has two parachute jumps to her credit. One ended when she landed in a treetop, the second produced a tendon injury and a cast.

The 31-year-old Army inspector put in 6 years of service in the Troms land defense and in the North Norway Brigade. One of those years she was the full-time union spokesman.

12789/7310

PORTUGAL

Comments on Recommendation of Partial U.S. Troop Withdrawal

35420127 Lisbon DIARIO DE NOTICIAS
in Portuguese 9 Aug 88 p 6

[Text] This is not the first time that an isolationist temptation appears in the United States at the highest levels, even if, to date, there have been no serious consequences on the U.S. Administration's behavior. This attitude of an influential sector of U.S. public opinion—and especially those who shape it—has emerged again in a report by the U.S. Congressional Committee on Defense, which advocates the partial withdrawal of U.S. troops stationed in Europe. In doing so, the Committee itself assumes that it is meant to pressure European allies to increase their contribution to defense, notably the additional effort which indeed appears even more indispensable in the field of conventional weapons since the signing of the United States-USSR agreement for the elimination of intermediate-range missiles.

The position adopted by the U.S. Congressional Committee is part of the isolationist tendency that has long been emphasized by some U.S. opinion makers and applauded by such important personalities in the U.S. political world as Henry Kissinger, who in 1984 was already advocating the progressive reduction—up to 50 percent—of U.S. forces in Europe if allies in the Old World would not agree substantially to increase conventional weapons investments in order to re-establish a balance between NATO and the Warsaw Pact in this particular field.

One can understand the resentment that could give rise to such an attitude, and the United States could use excellent arguments and moral authority to demand from their European allies a greater effort in their own defense. After all, American commitment was well proven during two successive world wars and remained intact over 4 decades. It can also be said, as Kissinger noted in 1984, that "European behavior was like that of

the person who sees himself compelled to invite to dinner an unwanted guest." And this, to a certain extent, is the feeling of anti-Americanism that pervaded Europe, partially justified by the fear that the United States would attempt to restrict a possible nuclear war to the Old World, a fear that, legitimate or not, strengthened pacifist movements and fomented again various kinds of nationalism.

However, it is well known that the attitude of the United States and its proven faithfulness to its European allies does not stem from the most disinterested altruism. It was also demonstrated at various times during this century that the defense of the United States itself was at stake in Europe and that Washington's defense commitment, in wartime and in peacetime, has not been only charity from the point of view of its own security.

This is the reason that the recommendation just published, in line with what Kissinger had advocated, gains special meaning in the political context—both internal and external—in which it was formulated.

It is important to note that Kissinger was Nixon's secretary of state and continues to be a major figure within the group of advisors to the Republican Administration, even while there is a Democratic majority in the Congress. The Committee's recommendation was made in the midst of a presidential campaign, at a time in which it is known that the candidate best positioned in the race belongs to the Democratic Party. Therefore, the idea of an eventual withdrawal of the forces stationed in Europe gains a larger consensus among the representatives of the two parties; but it remains to be seen whether this can be transformed into an official doctrine of the Administration. This is an issue to which European leaders cannot be indifferent, nor from which can they be estranged.

In addition, the congressmen's "threat" comes just a few weeks after a proposal by Gorbachev for a European summit that would analyze security issues and would not include either the United States or Canada, according to the terms in which it was suggested. The possible implementation of a U.S. withdrawal would, to a certain extent, correspond to the realization of a Kremlin plan always sought but never attained: to sow discord within the Western camp, separating the two pillars on which its defense strategy is founded. If this were the case, we would be confronted by one of the perverse results for Europe that Gorbachev's "perestroika" could well produce.

DENMARK

Professor Proposes Solutions to Consumption, Budget Problems

36130076a Copenhagen BERLINGSKE TIDENDE
in Danish 18 Jul 88 p 9

[Article by Soren Kjeldsen-Kragh, a professor at the Økonomisk Institut, Landbohøjskolen: "The Way Out of the Crisis"]

[Text] The government's primary purpose must be increasing savings, improving our ability to compete, establishing a better business structure and getting active in the area of the environment.

There seems to be a tendency in Denmark to slack off too soon—when the situation improves—on economic policy.

To solve problems, it is necessary to have a long-range policy in regard to intervention. At the same time, it is important for that strategy to be applied consistently for a number of years. That calls for a government that rests on a stable parliamentary foundation.

Developments since 1982 illustrate the problem. In 1982, the Danish economy was experiencing a crisis in just about all areas. The situation improved—faster than had been expected—up until 1985.

After that, two problems arose that have made it impossible to achieve the goal of attaining equilibrium in the balance of payments in 1988 that had been set up at that time. That target date has now been postponed until 1992.

One problem was the big rise in private consumption in 1985 and 1986. Viewed by an international yardstick, Denmark has had low savings for many years. Because of increased employment, increased confidence in the future and especially because of rising capital values that resulted from the drop in the interest rate, consumption exploded.

The other problem consists of the fact that Denmark's ability to compete has been sharply reduced since 1986. That was owing to the quite big drop in wages, the shortening of work hours and then the new wage agreements in 1987 that were much too expensive.

Subsequently, they tried to make good the damage. In the fall of 1986, they intervened, with respect to the big increase in consumption, with the "potato cure," which meant the introduction of a 20 percent tax on interest on consumer loans. That intervention will doubtless be conducive to increased saving in the same way as the new tax reform program. Unfortunately, the intervention came too late.

They tried to restore our reduced ability to compete by means of the export package, which gave tax relief, and by readjusting the employer and wage earner taxes. As a result, a neutralization of the deterioration of our ability to compete, but no strengthening of that ability, took place.

The new government's primary purpose must be a concentrated effort in individual areas. Those areas should be increasing savings, improving our ability to compete, establishing a better business structure and getting active in the area of the environment.

An increase in saving should take place in the private sector. An increase, to a considerable extent, in public saving is not possible. That would call for either increased taxes or a reduction of public expenditures. It is unrealistic to contemplate either of these.

Tax reform and the dropping inflation rate mean that the real personal income situation after taxes is positive today. It has been negative for the last 15 years. There is reason to assume that that will strengthen saving in the coming years.

If, in the new wage agreement negotiations, the wage earners can be gotten to let the agreed-upon wage increase go into a pension program, that will naturally stimulate saving. This must be on the condition that the payments into the pension program are not added to the wage increases that are paid out, so that the businesses' expenses are simply increased.

There is a danger of this in agreeing on pension programs in connection with the wage agreement negotiations. The combined wage increase, including payments into pension programs, should be less than wage increases abroad. The individual wage earner himself should decide how this pension money is going to be invested. The money should only be tied up.

An alternative to pension programs put into effect by the compromise agreement is to agree on low wage increases simultaneously with tax reductions. It should be possible for wage earners to accept very small wage increases if the lower limit for the income tax were raised correspondingly in return. That would also make allowances for distributional considerations.

That certainly would not stimulate saving, but it would provide a considerable improvement of our ability to compete.

A combination of savings policy, taxation policy and wage policy calls for cooperation between the state and the employers and wage earners. The fact that they are starting on the so-called tripartite negotiations now is also a positive factor for that reason. The fixing of wages cannot take place with only the participation of the wage earner organizations and the employers any longer. In 1983 and 1985, the labor market parties themselves

could not come up with a solution. In 1987, they reached agreement without intervention, but the result was a compromise that was all too expensive. That is a pattern we also have seen previously. We have absolutely no certainty that free negotiations will bring about an economically reasonable result.

For the government to have to pursue an economic policy on the basis of a wage increase over which it has no influence constitutes a big problem. Therefore one must choose, in the private labor market, between a system with tripartite negotiations, where the government is included, or a wholly decentralized system where wages are fixed by the individual enterprise. With the strong organizations we have, only the former procedure is realistic today.

Everybody knows that the part of the Danish industrial sector that competes with foreign countries is too small. Everybody knows that the yield of capital in that sector in recent years has been declining too much. Everybody knows that the product-replacement effort and the market-manipulation effort that are necessary to improve our ability to compete require investments.

Therefore, it should be a natural thing that people do not concentrate their efforts, at the present time, on questions of distribution having to do with the establishment of funds, the obligatory splitting up of surpluses, etc. Instead, our efforts should be concentrated on our industrial structure and the area of the environment.

Danish businesses are small by an international yardstick. It is important to have an undergrowth of small businesses that can grow bigger, but it is also important to get many bigger units that can spare money for product replacement and sales efforts. That can happen through greater cooperation among businesses or through mergers.

It is essential that effective Danish industrial complexes where the initiative lies in Danish hands should be created. The agroindustrial sector, which includes primary production of agricultural commodities, the manufacturing of products and the production of machines for slaughterhouse and dairy production, is a good example. Free competition in the old sense, where buying and selling went on in impersonal markets, does not exist any more. Contact between business enterprises on various levels plays a constantly increasing part. For example, the strong position that Danish producers of machines for slaughterhouses and dairies have is explained by their close contact with and intimate knowledge of the big demand the manufacturing sector has called up.

Knowledge of the purchaser's needs, with the necessary product adjustment as a consequence, is central. Competition takes place between vertical production systems, to a great extent, these days.

Therefore it is important that an effort be made to promote the establishment of production complexes. Big, dynamic enterprises can be the driving force in this process.

Finally, the effort should be continued in the environment area. That will entail increased obligations for the business community. Therefore, the introduction of other obligations in the form of payments into funds and the obligatory splitting up of surpluses should be avoided at the same time. An effort with respect to the environment is important to prevent pollution. However, there are growth possibilities in investing in improvement of the environment, too. There can be no doubt that importance will be attached, to an increasing extent, to seeing to it that products are nonpolluting in export work, too. By attaching importance to this circumstance first, one will obtain an advantage where competition is concerned.

The economic problems cannot be cleared up by a suddenly-applied solution. A purposeful effort over many years is required. An effort must be made on many fronts.

Does it really have to be impossible to get long-term political cooperation regarding these points established? If it cannot be done, our parliamentary system is in a critical situation.

09258

FINLAND

Customs Director Blames USSR Trade Structure for Problems

Trade Imbalance Halts Deliveries

36500149 Helsinki HUFVUDSTADSBLADET
in Swedish 6 Jul 88 10

[Text] Because of a trade imbalance, completed export deals to the Soviet Union totaling 5 billion marks cannot be put into effect in 1988, but must wait for at least a year. Business enterprises' contracts for 700 million rubles, or nearly 5 billion marks, worth of commodities cannot be granted export licenses since the year's quota has actually been filled.

The Licensing Department has already granted licenses for all the 1.6 billion rubles worth of exports that can be put into effect this year. If, in addition, the price of Soviet crude oil falls further to the level that prevails on the world market, the Soviet Union's trade deficit is only going to increase.

The problem existing in trade with the East cannot be solved unless special steps are taken. Of course, Finland still has an export balance of 4.5 billion marks in its favor with the Soviet Union.

At the end of June 1988, the deficit in Finland's joint clearing account with the Soviet Union was 350 million rubles. Furthermore, 285 million rubles that are to begin being paid off at the end of 1989 have been transferred to special accounts.

The critical situation that has prevailed in Finland's trade with the Soviet Union for 3 years is only getting worse. When the business enterprises' contracts, that now have been concluded but cannot be put into effect, are taken into account, the imbalance goes up to an unparalleled 1,335 million rubles, or almost 9.5 billion marks.

A compensation work group within the Finnish-Soviet trade commission is trying to come up with a proposed solution that ought to be available in the fall of 1988.

Nonpartisan Granting of Licenses

"The Licensing Department follows a rigid and strict nonpartisan line where granting export licenses to the Soviet Union is concerned," says Assistant Department Head Erkki Palmqvist of the Ministry of Trade and Industry. Palmqvist is the deputy chairman of the directorate of the Licensing Department.

"The only exception is the Exports Project, where they seek to safeguard continuity, so that 'unfortunate dismissals' can be avoided," Palmqvist adds.

"Export licenses are granted for 70 percent of the lowest estimated value of the quotas fixed in the commodities-exchange agreement," Palmqvist says. "Even that value is based on a price for oil of \$15 a barrel. By the end of the year, the calculation may turn out to have been too optimistic if the prevailing market conditions persist."

The second principle of the Ministry of Trade and Industry has been to keep the existing construction projects going.

"Without additional licenses, they might possibly have been forced to call all the 3,500 Finnish construction workers in the Soviet Union home this fall and close down the work sites," Palmqvist says.

At the adjustment negotiations in June 1988, it was declared that the export ceiling for 1988 would go to 1.7 billion rubles if the price of oil stays at \$15.

Only last year the annual commodities-exchange agreement was deliberately drawn up optimistically in accordance with a price for oil of \$18 a barrel.

"Since the price of oil is uncertain, the Licensing Department cannot grant many licenses this year," Palmqvist says.

Laine Attacks Soviet Policies

36500149 Helsinki HUFVUDSTADSBLADET in
Swedish 17 Jul 88 p 3

[Text] Director General Jermu Laine of the Customs Administration criticizes the way Soviet trade is discussed in Finland. In an interview in the Saturday, 16 July 1988, issue of Tammerfors's newspaper KANSAN LEHTIS, Laine points out that the Soviet Union's foreign trade in general has gotten into a critical situation.

Laine says that at least half of the Soviet Union's exports should be industrial products, but, instead, slightly more than 90 percent of their exports consist of raw materials and energy.

In that connection, it is known that prices for raw materials and energy have been falling for a long time.

"I don't really understand why Finland should or could have any kind of an exceptional position as soon as they solve this problem," Laine says.

He adds that the structure of Soviet foreign trade is completely undeveloped and cannot respond to that country's own needs or to the configuration of world trade.

Jermu Laine himself was Finland's minister of foreign trade for a long time. Now he is irritated at the discussion of the crisis in trade with the East.

"I can understand it when a body like the Finland-Soviet Union Society takes up the question, but that society shouldn't create a crisis atmosphere just for that reason," Laine thinks.

Neither does he see any essential advantage in the proposal to convert Finnish assets in the Soviet Union into currency. Laine points out that there are still two parties where credit is concerned.

"We cannot lay down an ultimatum," he says.

Laine's opinion on "perestroika" is that it disturbs Soviet trade first of all.

"This is due, among other things, to the changes in personnel that are involved and to the fact that new systems that would counterbalance the rapid changes have not yet been created," he says.

At the same time, however, Laine states emphatically that Finland should support the reforms in the Soviet Union's economy. "But it is going to take years for that country to build up its foreign trade," Laine says.

NORWAY

Expert Group Sets Out Hard Fiscal Policy Choices Ahead

36390082 Oslo AFTENPOSTEN in Norwegian
29 Jul 88 p 8

[Article by Yngve Hellestol, Cecilie Norland, and Kurt-Johnny Olsen: "Experts Say Economy Needs Tough Remedies"; first paragraph is AFTENPOSTEN introduction]

[Text] Rising unemployment and tight restrictions for many years to come or Latin American debt problems in the 1990's. Those are the delicate choices the government faces, according to a group of experts who have evaluated Norwegian economic developments. The so-called perspective group wants to cut business subsidies by 40 percent and said that an increase in unemployment from 2 to between 2.5 and 3 percent is the least we can expect.

The group behind the Perspective Report says that the Norwegian economy is still out of balance. The austerity measures of recent years are only a small foretaste of what we can expect in the years ahead. Regardless of economic policy, most Norwegians will not experience any growth in their real wages in the years ahead—and at worst they will see their wages decline through the 1990's and beyond.

"Making changes now to avoid rising inflation, declining incomes and brutal readjustments in the 1990's will require a tough policy. I will not comment on the political feasibility of the austerity measures the group recommended, I just want to point out that failure to make changes will lead to much worse things than austerity measures," Professor Erling Steigum, chairman of the perspective group, said when the government report entitled "The Norwegian Economy in Flux" was presented yesterday. Today the report will be submitted to the person who requested it, Finance Minister Gunnar Berge.

Rising Unemployment

Unemployment will inevitably rise in the years ahead—but Norway is unlikely to reach the 10 percent level that countries like West Germany have had for several years. "Between 2.5 and 3 percent is the lower limit for unemployment in the years ahead, if Norway is to avoid increased inflation and the resulting decline in competitiveness that could threaten employment later in the 1990's," according to the perspective group. Unemployment could be quite a bit higher than 2.5 to 3 percent. The current unemployment rate of around 2 percent is low enough to exert pressure that contributes to a decline in competitiveness.

The perspective group wants to cut business subsidies by 40 percent compared to the 1987 level and points to a loss of effectiveness amounting to 8 billion kroner annually as a result of farm subsidies and 650 million due to subsidies for the shipbuilding sector. The group also wants a change made so that subsidies are not tied to business sectors but to individual workplaces.

The perspective group issued a general warning against automatic spending growth in the public sector, rejected costly reforms and also recommended a much stricter queue sequence in the North Sea than the government is now planning, as well as a transition to uniform energy prices. The group also stressed that savings must be increased, primarily in the private sector. In addition to trampling on the toes of all the special interests, the group also stated laconically that the burden of social security benefits could become too heavy and recommended making the necessary changes now—instead of waiting for problems to arise after the year 2010.

Bleak Alternatives

To illustrate the point that adjustments take time and provide a picture of where the Norwegian economy is going, the group prepared a projection of the Norwegian economy. There are two scenarios for the years from 1986 to around 2000: an adjustment alternative that assumes a tight policy and acceptance of unemployment, and a breakdown alternative in which policy remains expansive for the next few years in order to avoid unemployment. After that brutal changes would become necessary around the mid-1990's because the foreign debt would be higher than Norway can tolerate.

Berge: Full Employment

The group warned against a policy aimed at safeguarding employment at any cost. In a comment, Finance Minister Gunnar Berge said that the government will not sacrifice employment.

Unrealistic Policy

"The Perspective Report agrees by and large with the Conservative Party's view of the economic challenges and the 'remedies' that are needed in the future," said the Finance Committee leader, Anders Talleraas (Conservative). The middle parties called it a useful basis for making the necessary political decisions but said it failed to take political realities into account to a sufficient extent. Arent M. Henriksen (Socialist-Left [SV]) said that using unemployment as a tool of economic policy is totally unacceptable.

Talleraas emphasized once again that more work and new growth are needed and private savings must be stimulated. Public spending must be moderated. The committee has also proposed all these things.

Johan J. Jakobsen, Center Party leader and Kjell Furnes, fiscal policy spokesman for the Christian People's Party, offered similar comments.

"If unilateral emphasis is placed on maximizing economic growth in society as expressed in ordinary business economy terms, one can easily reach several of the conclusions arrived at by the working group. I am thinking of reduced industrial subsidies, adjustment to EC, popular rule and sharp cuts in public spending. But when we politicians have to make political choices between conflicting considerations, the conclusions will have to be different," said Johan J. Jakobsen.

Kjell Furnes maintained that sooner or later it would be necessary to take a critical look at both transfer payments and unemployment figures, but he did not want to cite any specific figures at this time.

"I am dubious about the value of this report. In my opinion it is completely divorced from fundamental political objectives," Henriksen said.

Massive Opposition to Cuts

The shipbuilding industry will be wiped out and large sections of Norway will be depopulated. Those are the results representatives of the shipbuilding industry and agriculture predict if business subsidies are cut by 40 percent. The Federation of Trade Unions [LO] will not accept the use of unemployment as an economic policy tool, but economists have a more positive attitude toward the proposals in the Perspective Report.

"Incompetent!" That was the immediate comment of the head of the Norwegian Farmers Association on the Perspective Report's proposal to cut business subsidies by 40 percent, among other things.

"These are classic theoretical market models that do not apply to the real world. In practice these experts regard large segments of Norway as expense items. Therefore they should be consistent and also propose getting rid of these areas. Either by selling them to other countries or by setting them up as separate states. And I now challenge the experts to name these branches and tell us what this country should invest in," said Per Olaf Lundteigen.

Shutting Down Entirely

Representatives of the shipbuilding industry reacted just as strongly to the proposals in the Perspective Report. Cutting business subsidies to this branch would lead to plant closings and depopulation.

"Cutting subsidies to shipyards by 40 percent is the same as removing what is left of the Norwegian shipbuilding industry. With perhaps a few exceptions such a proposal would mean shutting down practically all the shipyards in Norway," said Gunnar Reksten, director of the

National Association of Shipyards and Offshore Manufacturers. "The proposal is also in direct contrast to the subsidies of up to 28 percent that have been approved by the EC countries," he said. Knut Axelsen, office manager of the Vestland Shipbuilders Union, which organizes workers at 43 shipyards from Kragero to Nordland with around 3,000 employees, supported Reksten's opinion and also pointed out that the basis for a number of local communities along the coast would be threatened if the proposal is adopted.

LO Will Not Go Along

LO also reacted to the proposals in the report. "We cannot conceive of using employment as an economic policy tool and LO will not go along with an upward revision of the definition of full employment to a jobless rate of 2.5 to 3 percent," said Magne Nedregard, LO information director.

A Lot To Swallow

"Norway is still pursuing a line that will lead to the breakdown alternative. Achieving the adjustment line is a big challenge, but unfortunately it calls for quite a few politicians being forced to swallow a great deal," Steinar Juel, director of the Bank Association commented. He read the Perspective Report with enthusiasm and said that one way of arriving at a disciplined economic policy is to abandon annual budgets and switch to binding 4-year budgets, as many other countries have done.

"The group's adjustment scenario is very good and quite in line with what economists have been proposing for several years. However it will be very demanding to enact the tough austerity measures that are involved in the adjustment alternative—among other things it looks as if unemployment will be so high under this alternative that it will be politically difficult to implement," said Ingvar Strom, director of the national economic office of the Norwegian Credit Bank [DnC].

06578

PORTUGAL

Large Trade Deficit Increase for 1988 1st Quarter
35420119b Lisbon DIARIO DE NOTICIAS
in Portuguese 28 Jul 88 p 20

[Text] The Portuguese trade deficit reached 214.4 billion escudos in the first 4 months of this year, 17.1 percent higher than the same period in 1987, the National Statistical Institute (INE) announced yesterday.

The trade balance between Portugal and the other countries of the world between January and April worsened by 31.26 billion escudos, compared with the same period in 1987.

Exports grew 4.8 percent during the period in question, totaling 437.4 billion escudos, while imports increased to 651.8 billion escudos, which corresponds to an increase of 8.5 percent over the same period last year.

The foreign trade figures released by the INE state that imports were valued at 67.1 percent of the value of exports, slightly less than that calculated for the same period in 1987 (69.5 percent).

However, imports and exports expressed in dollars climbed in the first 4 months of this year by 11.8 and 7.9 percent respectively, and the trade deficit worsened by 20.6 percent compared to the same period in 1987.

Seven countries sold 424.9 billion escudos worth of goods to Portugal, representing 65.2 percent of total Portuguese imports. Between January and April, Spain was the largest supplier to the Portuguese market with 87.5 billion escudos, followed by West Germany (74.8 billion), Italy (64.3 billion), the United Kingdom (51.3 billion), the United States (33.3 billion) and Holland with 32.9 billion escudos.

Some 67.8 percent of Portuguese exports were concentrated in 7 countries, which bought 296.6 billion escudos of Portuguese products.

France, with 73.1 billion escudos, was Portugal's biggest client, followed by West Germany (66.9 billion), Spain (46.7 billion), Holland (25.8 billion) and the United States with 22.6 billion escudos.

The biggest trade deficit recorded was with Italy, totaling 48.2 billion escudos, followed by Spain with 40.9 billion escudos, Japan (21.4 billion), and West Germany with 13.8 billion escudos.

13026

Overview of Country's Gold Reserves Situation *35420119a Lisbon TAL & QUAL in Portuguese* *22 Jul 88 pp 10-11*

[Excerpts] It is absolutely false that in the years 1974-75 it was just anyone who destroyed the nest egg that the Salazar regime had so laboriously hoarded. The "burdensome inheritance," as some like to call it, was not wasted by 25 April. But it is entirely true that since 1977, 219 tons of the precious metal have disappeared from the safes at the Banco de Portugal. Almost always sold at a discount for cash to attend to situations involving payments "in extremis." During a carefree time in which the ideological banquet blocked up the economy and drained away income. "I can guarantee that during the revolutionary period no gold was sold," Prof Jacinto Nunes, Central Bank governor during the years of the so-called Goncalves regime, affirmed this week to T&Q. Not denying that he was under some pressure in that respect, the economist remembered that "the technocrats were able to resist the politicians." Ironically, years

later, Jacinto Nunes ended up as a direct participant in some gold sales made by the Mota Pinto Government, in which he was vice prime minister. The transactions, "always in small quantities," were decided upon by the prime minister, with the approval of the Bank of Portugal and the president of the Republic.

In fact, the first head of the finance ministry obliged to sell gold was Dr Medina Carreira in 1977, in a government headed by Mario Soares.

However, gold sales continued as long as there was no other means of earning income. "In all, by 1979 we rid ourselves of some 25 percent of the reserves. But some of the transactions were made at a good price, taking advantage of the rise in gold prices," remembers Prof Jacinto Nunes. In any case, if we had maintained the reserves intact, today we would have been able to increase by some 500 billion escudos the active reserves of Portugal.

Jacinto Nunes returned to the Bank of Portugal as governor in January 1980, with Sa Carneiro as prime minister and Cavaco Silva as minister of finance. "At that time, it was proposed that we sell some more gold, since it had attained very high prices for 2 or 3 months. I spoke with two of the principals responsible and I planned to go to the house of one of them at night to discuss the matter. However, I received a telephone call saying 'don't come,' and everything went up in smoke," remembers Jacinto Nunes. The postponement of the meeting is most likely connected with the fact that Cavaco Silva already had other plans for the gold reserve (see below).

After several difficult years, Portuguese gold returned to normal levels. It is mostly in the form of ingots of South African origin, but there is North American, English and French gold as well.

There are even some bars coming from the Soviet Union, and others, very old, with the insignia of the Austro-Hungarian empire. But the gold guarded in the strong-boxes of the Bank of Portugal in Lisbon and Porto is only a small part of the total. Most of it, as T&Q was able to learn, is in the safekeeping of foreign banks, in the United States of America, Switzerland and England. They say that it is safer.

Friend of the Ounce

In the end, are we rich or not?

Those who heard the prime minister affirm days ago that "we have have a gold stock and reserves in the Bank of Portugal like no other government," must be convinced that we are.

But the truth is that, deliberately or not, the head of the PSD was wrong. We once had 843 tons of gold, and by the end of last year, according to the Bank of Portugal itself,

there were only 624 left. And although the amount available in reserves is greater today than some time ago, it is nevertheless lower than previous levels.

Therefore, to be exact, the euphoric burst by Cavaco Silva does not, unfortunately, correspond to reality. But even so, if in the view of the government we are flush with foreign currency, it is difficult to understand why the government does not recover the gold reserves lost since 1977. Above all, since last 7 January more than 124 tons have left, on route to the European Fund for Monetary Cooperation.

However, Cavaco knows perfectly well that reserves of the precious metal are still the strongest element of psychological security for the population and its creditors. For that reason, as soon as he came to the government in January of 1980 as minister of finance, he put into practice a truly sensational stratagem: He ordered that all gold reserves of Portugal be valued at the price of \$254.92 per ounce—substantially higher than the 35 SDR—Special Drawing Rights—per ounce, until than

the applied value. With that genuine sleight of hand, he succeeded in presenting, by the end of 1980, gold reserves of more than \$5.651 billion. Five-and-one-half times more than the \$1.020 billion held at the end of 1979.

The then-minister of finance thus realized his first great miracle: He revalued the existing gold stock, thus “disguising” the value of the hole left by the tons sold between 1977 and 1979. On 1 May of this year, Cavaco Silva felt the moment had arrived to bring about his second golden miracle. Having available a stock even less than in 1980—624 tons, against 690 8 years ago—the current prime minister again increased the price per ounce, this time from \$254.92 to \$323.00. And thus, with ever decreasing amounts of gold, Cavaco Silva continues to show an ever greater value—without ever buying a single ounce. It doesn’t cost anything, right?

And may no one say that he is not a friend of the ounce.

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